Nations Must Move to Stop Money War (Page 9)

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

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The Nation's Business

Canadian Pacific's Federal Guarantee of Bank Loan

Unfortunate Step Which Country and Railway May Regret

Total is $60,000,000

Federal Guarantee of C. P. R. Credit

IT WAS last May that the Dominion Government came to the assistance of the Canadian Pacific Railway by putting its guarantee behind the $60,000,000 of bank loans obtained by the transportation enterprise from the chartered banks of Canada. Only within recent weeks, however, has this momentous financial episode become a matter of public knowledge.

It is indeed a very radical departure from sound financial practice when the Canadian Government undertakes to ensure the banks or any other class of lenders against loss on a loan to a private corporation. One must assume that the Federal Cabinet gave the matter the most serious consideration before taking the steps it did. One must assume too that President Beatty, of the C. P. R., and his directors also weighed carefully the many factors involved in abandoning the proudest boast the Canadian Pacific Railway has ever been able to make; namely, that it has, from the days of its completion, stood on its own feet.

The Financial Post believes that this guarantee was a grave mistake just as were the Beauharnois and the wheat pool guarantees.

* * *

WHEN the guarantee was given last May there was the utmost confusion in world finance. The American banking crisis was still recent history and the indecision in capital markets, based partially upon uncertainty as to the possible developments at the World Economic Conference, was very marked. It was under such circumstances that Mr. Beatty must have made his personal appeal to Mr. Bennett. In the minds of both the gentlemen, there was a full recognition of the importance of the Canadian Pacific Railway in the Canadian economic scheme of things. It would not have been unreasonable had their first impulse been to assume that national credit was involved where the credit of the country's greatest corporate enterprise was in danger.

This much can be said for the action taken by the Government. In appraising the manner in which the grave problem of C. P. R. finances was faced, there will be no disposition on the part of any good Canadian citizen to ignore any of the larger considerations that are important. But when all has been said, can the loan of the credit of the state to even such a great national enterprise as the C. P. R. be justified? There were other ways out for the railway.

* * *

THE credit of Canada was loaned to the C. P. R. The guarantee may be disguised as a contingent liability but it would seem to be an elementary principle—although it is usually forgotten by politicians and even by some business men—that no borrower can loan his credit and use it also. To the extent that the reservoir of public credit is tapped by private individuals it is not available to the state. The borrowing power of the Dominion Government is $1 less for every $1 of other people's bonds and loans it guarantees.

The net public debt of Canada is not alone what threatens the financial solvency of Canada. Rather it is the net debt added to enormous contingent liabilities, many of them entered into with inadequate consideration of the character of the obligation assumed. Time after time in the financial history of Canada, governments have taken over private obligations in the mistaken notion that by doing so they were protecting the national credit. But the national credit is injured more by the assumption of new obligations by the state than it is by the default of private borrowers.

* * *

SHORT as the memory of the average man may be, it can hardly be forgotten in Canada that our largest obligations have grown from the smallest beginnings. When in the emergency of war, the Dominion Government took over bankrupt private railways the argument was advanced that the Government had to do so to protect itself from liability under the bonds it and the provinces had guaranteed. Going farther back it will be recalled that when these guarantees were originally given, the public was assured that they would never come home to roost and that the Govern-

(Continued on page 2, col. 3)

Hydro Negotiating Canyon Power Sale To Canada Northern

Privately-Owned Distributor Neither Denies Nor Confirms Dicker With Publicly-Owned Enterprise

MINES' OPERATIONS DEMAND ENERGY

Deal Between Two Distributors of Widely Differing Principles and Who Have Already Been Competing With Each Other Creates Widespread Interest

From Our Own Correspondent

MONTREAL.—Ontario Hydro-Electric Power Commission is negotiating, or has concluded, a contract calling for the sale of a substantial block of electric energy from the Abitibi Canyon plant to Canada Northern Power Corp.

Officials of Northern Ontario's largest power distributor, one of the few remaining privately owned utilities operating in Ontario, will neither deny nor confirm the story. From other sources, however, The Financial Post is reliably informed that negotiations are well advanced, if not concluded.

No particulars of the agreement are available but it is said that Canada Northern Power will use several of its old plants for standby service, meeting its current needs with power supplied from Abitibi Canyon.

Represents Marked Change

This deal represents one of the most important developments in the Canadian power industry in more than a decade. The Commission, with the backing of the Ontario Government, has come to dominate the power utility field in Ontario. It has extended its services, or bought out privately owned operators, until today Canada Northern Power is one of the few companies of any importance still in the field.

Change Old Policies

For many years past, Ontario Hydro has been a law unto itself. Its rate schedule has been held up by advocates of public ownership of what can be done when public utility services are handled by a Government agency, while the same rates have been the subject of many attacks by proponents of the privately-owned systems operating elsewhere in Canada and the United States.

When the Hydro started to purchase power from private companies to meet its growing needs, there were many who said that the Commission was breaking away from the principles laid down by Sir Adam Beck. Still later this policy was strongly attacked because of the heavy financial burden imposed on the Commission when the market failed to absorb the larger power deliveries.

The sale of power by Hydro to a privately-owned company within its own preserves is a development of more far reaching consequences than when the Commission turned to the private producer for its additional supply of energy. This may be the forerunner of a change in the attitude of the Commission toward the privately-owned utility enterprises still operating within the province.

Turned to Private Producers

Until a few years back Hydro took care of its own expanding power needs from Queenston and other plants. Around 1926 the Commission became convinced that they faced a shortage of power in the near future and for the first time, on a major scale, made arrangements to purchase power from a privately-owned producer. A contract was entered into with Canadian Hydro-Electric Corp.'s subsidiary, Gatineau Power, for a supply of over 250,000 h.p. Later on contracts were entered into with Beauharnois Light, Heat and Power Co., MacLaren-Quebec Power Co., and Ottawa Valley Power Co.

The total amount of power contracted for by the Commission in less than 10 years has amounted to nearly three-quarters of a million horsepower. This power was not delivered en bloc, of course, arrangements being made to deliver the energy in varying amounts over a period of years.

The depression called a halt to further expansion of Ontario Hydro activities. Meanwhile, power deliveries kept on increasing and the problem of finding an outlet for this unneeded power and at the same time find sufficient revenue became of serious moment to the Commission.

Abitibi Deal Tips Scale

It is possible that the Commission would have pulled out of its power surplus troubles had it not been for the generous decision of the Ontario Government to take over the Ontario Power Service Co.'s plant at Abitibi Canyon. Abitibi Power and Paper Co. started this enterprise under circumstances which called forth critical comment.

$20,000,000 of Ontario Power Service bonds were sold to the pub-

(Continued on page 2, col. 3)

OTTAWA TALKS BIG CHANGES IN ANNUITIES

State Monopoly of Small Annuity Business May Come

From Our Own Correspondent

OTTAWA. — While there is a strong probability that the government, in the near future, will announce an increase in the cost of Federal annuities there is also a strong feeling that the ministry, at a later date, may seek to give the state a virtual monopoly of the small annuity business. This may be done as a deliberate policy of the government in order to cut the heavy cost of Old Age Pensions.

Right now the government is considering raising the cost of Federal annuities because the life insurance companies have made vigorous representations along this line. But reports to the effect that the cabinet will attempt to make the annuities branch self-sustaining in any immediate sense are untrue.

Same as Life Companies

Due to lower earnings, the insurance companies have had to raise their annuity rate anywhere from 5 to 18 per cent, according to the class of risk. The rates on women, for example, have been raised much higher than on men. If the government orders the annuity branch to step up rates, the increase will not exceed that of the life insurance companies. In effect, the government will place its annuities branch on the same footing with the life insurance companies as previously prevailed.

As originally enacted, the Federal annuity policy was to provide small incomes—up to approximately $1,000 per year—for the wage earners of the country. Under the Liberal régime the maximum income was stepped up to $5,000 but the Bennett government a few years ago cut it to $1,200. This was popularly supposed to indicate that the cabinet was opposed to the policy, favored throttling the Federal activity in this respect and leaving the annuity business to the insurance companies.

This supposition was wide of the mark. While believing that federal annuities should be restricted to relatively small amounts and made to serve the interests of people with small earning power, the government is ardently in support of the policy. In fact, it would occasion no surprise here if the policy were greatly widened and if parliament were asked to bear a much greater part of the cost.

On the broad question of whether or no the annuity branch has ever

(Continued on page 2, col. 5)

FIGHT STARTS FOR CONTROL OF PRICE BROS.

Beaverbrook, Rothermere and Duke-Price Fighting

TRUSTEE OPPOSES

Committee and Bowater's Will Carry Out Sale in Opposition to Creditors

From Our Own Correspondent

MONTREAL.—Fight for control of the valuable Price Bros. and Co. property has now come out into the open and, as exclusively forecast by The Financial Post, at the beginning of October, Eric Bowater and his group will have many hurdles to surmount before they can take over the property.

The Bowater group presented their plan for the rehabilitation of the bankrupt Price Bros., which met with the approval of the Bondholders' Protective Committee. The offer to the creditors and stockholders was presented to the Hon. Gordon W. Scott, trustee in bankruptcy, who, on behalf of the creditors, says that the offer is not good enough.

Expect Another Offer

In a prepared statement Hon. Gordon Scott not only enlarges upon the unsatisfactory basis of settlement but intimates that a new "and more advantageous proposal will be submitted by other parties."

The "other parties" mentioned by Mr. Scott are understood to be Lord Beaverbrook, Lord Rothermere and the Duke-Price Power interests.

It will be recalled that this group were contenders with the Bowater syndicate in submitting proposals to the Bondholders' Protective Committee. While unsuccessful in securing the support of that body, it was never thought that the English peers and Duke-Price crowd would give up the fight without a further struggle.

Bowater Going Ahead

Following Hon. Gordon Scott's rejection of the plan, representatives of the Protective Committee for Price Bros.' bonds and of Bowater's Paper Mills (the latter presented the plan on behalf of the Bowater Syndicate) issued a statement to the effect that the Protective Committee will proceed to carry out the agreement.

In no uncertain terms the joint statement says that the carrying out of the sale under the agreement made by the Protective Committee was in no way dependent upon the acceptance of the offer made to the trustee in bankruptcy by Bowater Paper Mills for any interest which the trustee, as representing the ordinary creditors and shareholders of the bankrupt company, might have in the properties of the company.

Will Override Opposition

It is apparent from the foregoing that the Committee and Bowater Paper Mills do not intend to have their plans blocked by the creditors or the stockholders. At the same time the latter are determined that the property will not pass to Bowater Paper Mills under the terms of the existing offer.

The Bowater plan, which has been described in detail by The Financial Post, briefly calls for the raising of $5,000,000 of new capital, taking care of the first mortgage bonds, providing for secured creditors' claims in full, paying about 25 cents on the dollar on unsecured claims and wiping out the equity of the preferred and common stockholders.

Matter of Tonnage

Those in opposition to the Bowater plan contend that the company's greatest need is not altogether new capital but a larger tonnage of newsprint. When the trustee in bankruptcy took over the property last spring, the company had on its books 120,000 tons of newsprint. Of this amount, 45,000 tons represented newsprint contracted for by the Daily Express of London, leaving a balance of 75,000

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—Drawn by R. KAELL for The Financial Post.

WHO'S TO GIVE THE "GO" SIGNAL?

Canada Steamship Lines Holding Own This Season

From Our Own Correspondent

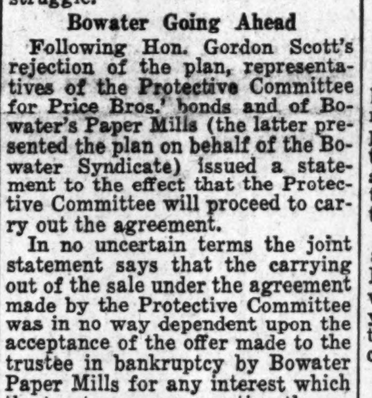
MONTREAL. — Canada Steamship Lines' operations during the current year are expected to result in a financial showing as good, if not better, than that reported for 1933. While there has been no marked improvement in the volume of business handled by the company this season, the lowering of operating expenses to a minimum has enabled the company to make a better showing than would otherwise have been the case with a decline in gross income.

Grain traffic this year has been disappointingly small. On top of the smaller volume of business for the large bulk carriers, rates have been reduced to a point making it difficult for the Great Lakes operators to cover operating costs. No official particulars are available as to the outcome of the grain traffic so far this year, but it is unlikely that this division will contribute much to the treasury.

Passenger traffic and other activities of the company have been on a reduced scale compared with the returns for 1928 and 1929. Though earnings have fallen away, the management has been able to meet the changed conditions with very substantial economies, so that the net position of the company is expected to be on a parity with that reported for 1932, when the company had a net operating income of $561,213.

Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Oct. 31	44.6	42.0
Week of Oct. 24	44.1	38.9
Month of October, 1932	31.4	27.4
16 Public Utilities		
Week of Oct. 31	49	47
Week of Oct. 24	49	47
Month of October, 1932	51	45
8 Bank Stocks		
Week of Oct. 31	175	171
Week of Oct. 24	173	169
Month of October, 1932	182	173

Atlantic Air Route To be in Limelight Early Next Year

Ship-to-Shore Service Now Feasible — Awaits Subsidy

CANADA BENEFITS

All-Air Route Via Arctic Coast Will Not be Attempted Just Yet

From Our Own Correspondent

OTTAWA—Negotiations which have been under way for five months between governmental and private interests of Great Britain, the United States, Newfoundland and Canada point clearly to important developments in transatlantic air service next year.

It is learned definitely that an all-air service from America to Europe via the northern ice-cap will not be attempted for several years, if not longer, although intensive studies of Arctic aviation conditions will be carried on.

Ship-to-Shore is Feasible

And it is equally definite that the ship-to-shore combination of air and ocean liner service—giving a summer time of 3½ days between Montreal and London—will be declared feasible. Whether the British and Canadian governments will be prepared to vote money necessary to establishing aids to air navigation, the payment of mail subsidies etc., is doubtful.

Actual flying, of course, would be left in the hands of private air companies on both sides of the Atlantic. Into this ship-to-shore service the United States companies do not enter. But they might carry through a similar service of their own, based on St. John's, Newfoundland. The Canadian service would be based on the eastern outlet of the Strait of Belle Isle in summer and upon Halifax in winter.

Advantage to Canada

The proposed arrangement will confer a distinct advantage upon Canadian steamship companies for

(Continued on page 2, col. 1)

Beauharnois' Earnings Grow

From Our Own Correspondent

MONTREAL.—Earnings of Beauharnois Power Corp. available for interest and sinking fund on the first mortgage bonds of Beauharnois Light, Heat and Power Co. and on the second mortgage bonds which are pledged as security for the Beauharnois Power's collateral trust bonds, are estimated at $632,000 for 1933. This compares with $290,743 during the six months period October 1, 1932, to March 31, 1933.

For next year it is estimated that the company will have available for interest charges $1,607,000. Net income increases steadily until in 1938 the company estimates a figure of $5,000,000, or sufficient to take care of all charges and leave $1,000,000 for income tax, depreciation, etc.

HINDE & DAUCH MAKES PROFIT AFTER CHARGES

Results For Last Nine Months Best Since 1929

Despite sharp increase in the price of scrap paper, one of its principal raw materials, Hinde & Dauch Paper Co. of Canada Ltd. has been able to show an improved position in the current year. In the nine months ended September 30, bond interest and depreciation were covered by a good margin which should be increased during the last quarter. On this basis the company will show earnings on the common stock for the first time since 1930 and the 2½ cents per share earned in that year will be exceeded. In 1932 the company had a loss of $57,271 after bond interest and depreciation and in 1931 a loss of $298,466.

Improvement in earnings has come from increased volume and further reduction in operating costs. Liner board, the company's chief product remains at the same price, $42.50 per ton, that has been in effect since June, 1931, although the average price over a ten year period is $60 per ton. It is believed in the industry that an upward revision in price may be effected early in 1934. The paperboard division of the company, started late in 1932, is reported to have been quite successful and shows a profit.

Prices Higher in U. S.

Canadian manufacturers of boxboards and liner board used in the container industry have not had the same improvement in business that the industry has had in the United States but has been adversely affected by increased prices on scrap paper arising from a shortage due to export of this raw material to the United States. Demand for containers in the United States has come as a result of the sale of beer and the stimulus of the N.R.A. Increased demand raised price per ton on scrap paper $1 per day for two weeks in the New York market where operators of office buildings formerly paid collectors up to $2 per ton to cart the scrap paper away. From an average price of $1 to $2 per ton, scrap paper rose to

(Continued on page 2, col. 5)

Prices Erratic Trade Quicker In Past Week

A number of declines from August are shown in the September business indicators released during the past week; these are largely seasonal, however. Coal and coke production are both seasonally higher than in August and considerably ahead of the totals recorded in September a year ago. Carloadings continue to run ahead of 1932 although grain loadings and l.c.l. merchandise have failed, as yet, to reach 1932 totals.

Commodity markets continue erratic. The general trend was upward over the past week-end, grains and metals showing strength. Tuesday, however, saw a reaction in the grain exchanges and the gains of the previous few days were lost. Despite talk of commodity dollars and unbridled inflation, futures in the commonly traded commodities such as wheat and cotton have failed to show any consistent strength.

		Change From prev. period %	Change From prev. year %
Monthly:	**October, '33**		
Employment Index	90.4	+2.2	+4.2
	September, '33		
Auto. sales* $	3,461,491	—9.9	+31.1
Auto. financ.† $	1,601,549	—11.5	—15.7
Coal prod. tons	1,101,158	+24.9	+17.8
Coke output tons	155,711	+3.7	+23.0
Bank debits . $	2,457,000,000	—7.9	+17.0
Petroleum imp. gal.	115,831,599	—0.4	+33.0
Weekly:‡	**October, '33**		
Carloadings No.	51,705	+2.8	+3.4
Cattle sales No.	20,078	+20.5	+18.5
Hog sales No.	21,460	+29.0	+10.0

*New cars only.
†New and used cars.
‡Weeks ended October 21, 26 and 27 respectively.

Highlights of the week

New World Parley?

Roosevelt's gold manipulation scheme may mean a world-wide currency depreciation war. Does it call for early reconvening of the monetary section of the world economic conference? Page 9.

Air Conditioning

Will warm air heating return to favor? How domestic air conditioning systems heat homes in winter, cool them in summer. Page 3.

How Cut Interest?

Downward adjustment of interest rates in Canada would affect the pocketbooks of all classes. How it might be done. Page 9.

Holland and Canada

Canada's third best customer, the free-trading Netherlands, begin to look askance at one-sided commerce with Canada. Where Canada stands in the keen competition for Dutch business. Page 9.

Party Politics

Dominion by-elections interpreted by our Ottawa correspondent. Two parties may continue to dominate Canadian politics. Page 9.

Insurance Trend

Life insurance policies and annuities are going to cost more; cash values, interest and dividends will probably be lower, the insurance editor anticipates. Page 13.

Advice on Wheat

Brain truster, Dr. Mordecai Ezekiel, gives the authentic outline of what the United States thinks Canada should do to implement the world wheat pact. Page 15.

Western Recovery

Governor Ashley Cooper, of the Hudson's Bay Co. tells how he thinks recovery may come for Western Canada. Page 8.

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DO NOT PAY SAYS LAWYER OF NEW TAX

Foreign Corporations Advised Not to Pay New Impost

DOMICILE IS KEY

Claim is Made That Foreigner Not Liable Unless Residence is Established

"We are advising enquirers not to pay the tax as we do not believe there is legal justification for it. I do not believe the courts would uphold such a tax."

This was the dictum given last week to The Financial Post by a well-known lawyer in Canada when asked concerning the recent attempt of the federal government to collect income tax from foreign exporters doing business with this country. This lawyer is in active contact with all matters affecting corporation taxation in Canada and is a close student of taxation laws in this and other countries.

He also confirmed the opinion expressed in last week's Post that as far as can be ascertained, Canada is the only country in the world to have such a statute on its books.

Old Statute Makes Trouble

The point at issue is the recent decision of the federal government to enforce a statute which has been on the books for many years but which until a short time ago had never been enforced. The law gives the department of National Revenue authority to collect income tax from foreigners and foreign corporations doing business in this country, whether or not they are domiciled here. It has caused a flood of protest from all parts of the globe.

Question of Domicile

In the opinion of this authority the whole matter hinges around the question of domicile. He points out that according to the best authorities in international law, no company is subject to jurisdiction in a foreign country unless it establishes itself in that country either by appointing an agent or by incorporation under its own auspices.

Immediately domicile is established in a foreign country either directly or through an agent, then the company becomes liable for taxation. Unless that domicile is established, this lawyer declares that the comity of nations renders him immune to taxation such as the federal government is now trying to impose.

Wegenast Quoted

Reference was made by this lawyer to the authoritative work "The Law of Canadian Companies," by F. W. Wegenast. In reference to imposition of income tax on foreign companies, Mr. Wegenast refers to a recent decision in the House of Lords which, he says, "may have some effect in checking the assiduity of taxing authorities." He continues:

"The question was as to the liability of a company for income tax. The taxation cases had shown a similar adherence to two theories which were logically inconsistent, viz., that a company registered in England but carrying on its business elsewhere, and a foreign company carrying on business in England were alike subject to income tax in England. The judgments in the House of Lords, after reviewing the previous authorities, definitely negative the double standard and adopt the test of where the company carries on business as determining its residence for taxation purposes."

Think of It!

Mr. Bennett Endangers His Great Empire Success by Parish Offensiveness at Home

Canada's greatest merchandising successes are Eaton's, Simpson's and others; the United States is Marshall Field's. In each the basic policy has been to always please, never offend, a customer. Selfridge, a Marshall Field product, broke into England, making a remarkable success.

Sir George Foster said the chief lesson the Imperial Trade Commission learned was the persistency of the Germans. If they failed the first time they would come back again and again until finally they got an order. On this they established such close friendly relations that by 1914 they were selling abroad about $2,400,000,000.

Nations, like individuals, do not do business with those who treat them offensively or unjustly.

The Prime Minister says our chief need if we are to prosper is foreign business.

Canada's customs, Mr. Ryckman's department, is our chief official foreign trade contact. Yet scarcely a day passes on which there are not echoes of some offensiveness or injustice that endangers our foreign markets and loses friends for Mr. Bennett, and particularly the Empire cause, in Canada.

Portugal has for years been one of Canada's best buyers of wheat. Canada buys little from Portugal. In 1929 Portugal bought ten times as much from Canada as we bought from her. In the past four years, five times as much. Cork is one of Portugal's chief products. Canadian customs officials arbitrarily and by departmental order effectively increased the duty on Portuguese corks by 300 per cent. It was admitted the action was taken on behalf of one company, the Freyseng Cork Co., Toronto.

Portugal has entered strong protest.

Canada is not the only country with wheat to sell. We cannot afford to be offensive to our good wheat customers. The offensiveness of the Wheat Pool to its European buyers has cost us hundreds of millions. It started them growing their own wheat, putting us out of some of their markets probably for a generation.

November Calls the Hunter Northwards

Begin your hunting trip in EATON'S Sporting Goods Department, and you'll get off to the tall timbers with the right equipment. We're ready for you, down to the last waterproof sole of the hunting boots.

—And Our Prices Will Please You—

Mackinaw coats, good quality, belt style, each..	$ 6.00
Mackinaw breeches, medium weight but warm, pair	3.45
Red plaid jumpers, all wool, showerproof cloth, with double shoulders, arms and chest, each $5.95; oversize	6.50
Hunting caps with reversible scarlet side, each..	1.00
Miner's well known, all rubber, laced hunting boots of knee length, pair	4.95
6.5 M.M. Repeater Rifles with bolt actions, each	12.95
303 British Bolt Action Rifles of famous B.S.A. make, each	65.00
303 Savage Model 99E, featherweight, each	43.50
351 Automatic Winchester Model, each	64.00
30-06 Winchester Model 54, each	54.00

We have a complete stock of metallic ammunition, cleaning rods, oil, grease and other accessories. Gun, deer and moose licenses can be purchased in the Sporting Goods Department.

SPORTING GOODS DEPARTMENT,
MAIN FLOOR, QUEEN AND JAMES STREETS

THE T. EATON C° LIMITED

ATLANTIC AIR ROUTE TO BE IN LIMELIGHT EARLY NEXT YEAR

(Continued from page 1)

two rather obvious reasons. First, the Canadian route will be somewhat shorter than the American and will offer a slightly faster service, via Montreal, to New York and other large United States' centres. Second, the Canadian route, flying along the north shore of the St. Lawrence can be made safe for airplanes by the installation of direction stations, landing fields, lighting systems, whereas the American route calls for a direct flight from the United States' base at New York or Boston, to St. John's, Newfoundland, largely across water.

It is understood that the United States aviation interests do not regard this impending development with enthusiasm and have been urging the immediate organization of the far northern all-air route from Cochrane northeast along the shore of Hudson Bay, across Hudson Strait to Baffin Island, thence to Greenland, Iceland and then down to Europe.

It would appear that both Canadian and British interests have opposed this development, at least for the present. Their reasons are that it is not economically feasible at this time. For the bulk of intercontinental travellers the determining factors in competing routes are safety and comfort and these will not be sacrificed for the saving of a small amount of time. The proposed British-Canadian air and water route would give a three and one half day service between London and Montreal in summer and about a four day service in winter. It is doubted if the arctic route could clip more than a few hours off this time.

For this advantage, the cost would be enormous. With present equipment and with present arctic settlement, the northern route could never be made either as safe or as comfortable as the air and water route. It would be necessary to put in many landing fields and some manner of lighting at these fields would have to be contrived. Even so, planes would not attempt to fly in the night but would have to confine their progress to the few brief hours of daylight in winter months. Accommodation for passengers would have to be provided and first-class equipment across a route far removed from civilizaztion would have to be maintained.

Doubt All-Air Service

It is learned that British and Canadian opinion coincides in believing that it is a matter of doubt if time will bring air travel over the ice-cap or if the development of airplanes will make the direct ocean crossing commercially practicable. And their opinion is unanimous that the best policy is to await the event, concentrating, meanwhile, on the air and water service.

At the present time, the Canadian government is believed to be considering the possibility of finding money to develop aids to air navigation down the St. Lawrence. At the same time the steamship companies and private aviation companies are considering the matter of subsidies and co-operative efforts. Unless a new air company is formed to take over this business, the only company capable of carrying out such a contract is Canada Airways, which is controlled by the two railway companies.

The Nation's Business

(Continued from page 1)

ment would never be called upon to meet them.

Canada's present enormous holdings of wheat, which hang like a poised sword over the wheat markets of the world and which will eventually be liquidated at a cost no one now can estimate, are the logical end-product of banking guarantees somewhat casually given to the wheat pools by the three western provinces in 1929 and of similar guarantees given to the banks by the Federal Government in 1930. Just as in the case of the railway guarantees, the wheat pool guarantees, which seemed to promise relatively slight risks, eventually became matters of major importance in the financial position of the three Prairie provinces and the Dominion.

* * *

IT MAY be that the C. P. R. guarantee will stop at $60,000,000 and that the money will in good season be repaid by the Canadian Pacific Railway to the banks, either out of borrowings in the open market or out of earnings, and that the Dominion Government will never be called upon to make good its assurances in connection with the loan. Should this happy ending, however, be found to be impossible, and should further Government guarantees be needed, there will be one inevitable end and that will be the taking over by the Government of the Canadian Pacific Railway and the enlargement of the railway debt of the Dominion Government by another billion dollars or so.

It is unfortunate that the Canadian Pacific Railway had to come to a government guarantee of its bank loans. Admittedly, its present difficulties are not entirely of its own making and admittedly it is a time of grave emergency, when unconventional things are done and when the average business man is willing to accept as lesser evils policies and practices that he would ordinarily consider incapable of being justified. But the whole episode is fraught with unsatisfactory possibilities. No doubt Prime Minister Bennett will make a full explanation to Parliament when it convenes and Mr. Beatty will have much to say on the subject to his shareholders. It may be that the British treasury officials can be induced to open their capital market to the Canadian Pacific Railway within the next few months in which case advantage should be taken of the opportunity to borrow, even at a rate higher than the 5 per cent being paid to the banks on the present loan, repay the banks, eliminate the Government guarantee feature entirely and write "finis" to a chapter that should never have been started.

FIGHT STARTS FOR CONTROL OF PRICE BROS.

(Continued from page 1)

tons. Of the latter, approximately half is delivered to one customer.

Needless to say, Beaverbrook's Daily Express will not renew its newsprint contract upon expiration at the end of this year if control passes to the Bowater group. This would leave the company in a serious condition as far as tonnage is concerned and the raising of new capital would not result in any compensating volume of tonnage, providing that the company abides by official price schedules.

The Bowater group would be in a position to provide Price Bros. with a limited amount of tonnage. Any additional business would have to be secured by cutting prices which would further tend to disrupt the already unsatisfactory conditions in the newsprint market.

Provide More Business

With control in the hands of the Duke-Price Power - Beaverbrook-Rothermere group, it is said the company would have no difficulty in not holding its present tonnage, but increasing it by a substantial amount. Not only would the Beaverbrook contract be renewed, but there would be additional business from the Rothermere papers, while the Duke-Price allied interest in the United States would prove particularly helpful in securing new business.

Company Improves Position

Opponents of the Bowater plan also point out that there has been a substantial improvement in the position of Price Bros. since the trustee took over control. At the end of March last, the company had bank loans totalling 3,400,000. Its equity in the collateral securing these loans amounted to 1,850,000. At the end of September, bank loans had been reduced to $2,600,000, while the company's equity in the collateral had advanced to $2,600,000, an improvement during the seven months period of approximately $750,000.

From unofficial sources it was learned by The Financial Post that opponents of the Bowater syndicate will present a scheme of arrangement under the terms of the new Bankruptcy Act. This will eliminate costly reorganization expenses and with the additional volume of business which can be placed in the company's hands, it is said that adequate financial assistance can be rendered and, at the same time, greater consideration given to the creditors and the stockholders than is provided for under the Bowater scheme.

HYDRO NEGOTIATING CANYON POWER SALE TO CANADA POWER

(Continued from page 1)

lic on the basis of a power contract entered into with the Ontario Hydro Commission. This contract, too, has been openly criticized, as the Commission undertook to take delivery of the energy far from any developed market at a time when there was no apparent need for the energy.

Took Over Plant

When Ontario Power Service got into trouble the Ontario Government saved the project from bankruptcy by arranging to take over the bondholders' equity on terms which were regarded as highly favorable to the company.

Control of this plant, together with the problem of disposing of the output in an area which was already served by Canada Northern Power Corp., was passed over to the Commission.

The problem of marketing the Ontario Power Service's output, together with the growing surplus from other contracts, has apparently been too great for the Commission to cope with at this time.

Power from Gatineau, Masson, Chats Falls and Beauharnois is transmitted over an area, already dominated by the Commission's own distributing services, which is incapable of taking on a larger power load under present depressed conditions.

The large block of power made available by Ontario's $19,000,000 white elephant at Abitibi Canyon could only be marketed in the Northern mining area.

The first step in making a market for the Abitibi Canyon power was an attempt by the Commission to break into the Quebec market. A proposal was put forward to supply the Beattie Mine in Quebec with its electric energy requirements. This move was contested by Canada Northern Power, in whose territory the Beattie mine is located. With the assistance of the Quebec Government, Canada Northern was successful in staving off this competition.

Northern Operations Limited

Forced to confine its operations to Ontario, the Commission then was confronted with direct competition from Canada Northern Power in the Northern market. Here the privately-owned company was strongly entrenched for practically all the mines in operation in that area are under life-of-mine contract. Under those conditions, Ontario Hydro is forced to wait for the development of new mines—a long and tedious task.

In the Northern Ontario field Ontario Hydro is in a position to undersell Canada Northern. But as the Commission has no distributing system, it is not in a position to compete with Canada Northern in what is to all intents and purposes a closed market.

Faced Two Possibilities

Two possibilities confront the Commission in its problem of converting the Abitibi Canyon white elephant into an animal that would be less of a burden on the Ontario taxpayer. First, buy control or take over outright the properties of Canada Northern and, secondly, co-operate with Canada Northern Power.

Taxpayers in Ontario are in no mood these days to sanction the further expansion of Ontario Hydro, especially as in the past such deals have not been altogether favorable to the Commission. A large sum of money would be required to take over the property and in view of the difficulty in financing, even by provincial governments, the Commission would have great difficulty in arranging for the necessary purchase funds even if inclined to take over the property.

Those in control of Canada Northern Power, on the other hand, appreciate the fortunate position which the company occupies. It has tied up every producer of consequence in the Northern Ontario mining field; supplies the majority of towns and cities in the area; and generally speaking, is so strongly entrenched that they cannot get a foothold.

Growth of Property

The growth of that area, more especially since the start of the gold mining boom, has greatly added to the company's power load and its earning power.

Earning Power Expands

The company is not only in a position to meet its funded debt charges, but is able to pay regular dividends on the preferred stock and at the same time distribute 80 cents a share on the common stock. At the present rate of growth it is fully anticipated that the dividend on the common stock will be increased.

With a property that is paying its way, returning substantial dividends on the common stock, and occupying an almost impregnable position in its territory, it is unlikely that Canada Northern Power would sell out to Ontario Hydro on other than its own terms. These would hardly be such as to meet with approval of the Commission under existing conditions.

Power Needs Grow

It will be noted in the above table that power output between 1926 and to date has practically doubled. In order to take care of the increasing demand Canada Northern has had to carry out extensive building operations.

During 1928, the company installed two new 13,000 kv.a. generating units and commenced operation of them in the Quinze power station, bringing the installed capacity up to 40,000 h.p., and an ultimate capacity of 60,000 h.p. At the same time, a new 110,000 volt transmission line was constructed from Quinze Falls to Boischatel and Rouyn, Que. A second 110,000 volt transmission line has been built from Boischatel to Kirkland Lake, to take care of an increased demand at the latter point.

The company secured a lease for the development of a power site at "The Notch," on the Montreal River, in Ontario, the site having an ultimate capacity of 53,000 h.p. Work commenced early in 1928, and the initial development of 13,000 h.p. was completed and put in operation early in November, 1930.

During 1930, a 110,000 volt transmission line was built from the Upper Notch plant to the Quinze plant; an 11,000 volt line was built to supply power to the Cross Lake operations of the O'Brien mine, near Cobalt; a 44,000 volt line was built to supply power to the Telluride mine, in the Boston Creek area; and additional sub-station capacity was provided at Kirkland Lake and Noranda.

For the purpose of serving the new Matachewan gold area, a new 110,000 volt sub-station was installed early in 1932 at High Falls, on the Montreal River. A 12,000 volt feeder has been constructed from Noranda to the property of Granada Gold Mines, Ltd., in Rouyn Township, Que. The transmission line serving the northern section of Lebel Township was extended to McTavish Lake. A 12,000 volt feeder was constructed from the Schumacher sub-station to La Roche Mines in Deloro Township.

Can Produce 106,000 h.p.

At present Canada Northern Power's power producing facilities enable the company to produce 106,000 h.p. of energy. In addition the company has undeveloped sites with a potential capacity of 72,250 h.p., making a total in all of 179,000 h.p.

Power properties controlled by the company are set forth hereunder:

		H.P. Installed	Undeveloped Sites	Total Ultimate Capacity
Hound Chutes	Montreal River, Ont.	5,340	.....	5,340
Fountain Falls	Montreal River, Ont.	3,000	1,500	4,500
Matabitchouan	Matabitchouan River, Ont.	13,200	.....	13,200
Indian Chutes	Montreal River, Ont.	4,500	2,250	6,750
Wawaitin Falls	Mattagami River, Ont.	14,900	.....	14,900
Sandy Falls	Mattagami River, Ont.	4,900	.....	4,900
Lower Sturgeon Falls	Mattagami River, Ont.	8,000	.....	8,000
Upper Notch	Montreal River, Ont.	13,000	.....	13,000
Lower Notch	Montreal River, Ont.	......	40,000	40,000
High Falls	Montreal River, Ont.	......	3,500	3,500
Ragged Chutes (Air compressor).	Montreal River, Ont.	......	5,000	5,000
Ka Ka Kee Falls (Quinze).	Quinze River, P.Q.	40,000	20,000	60,000
		106,840	72,250	179,090

Need More Power

Further expansion of power properties by Canada Northern would appear inevitable if it is to be in a position to meet the continued growth in demand for energy. Few companies care to undertake large capital expenditures until conditions become more settled. At the same time Canada Northern is nearing the point where it must have more power to meet the demands of its existing customers.

Ontario Hydro, on the other hand, has, as far as Northern Ontario is concerned, practically unlimited supply of power without a market. This power can be bought on decidedly favorable terms. Further, by entering into a contract, Canada Northern is in a position to dictate terms and limit future competition from Ontario Hydro.

Good For Both

From the point of view of Canada Northern it would be a good deal to buy its power from Abitibi Canyon. It would eliminate the necessity of additional capital expenditure; provide the company with an adequate source of power for many years to come and strengthen its position in the territory.

Such a step by Ontario Hydro would be a radical departure from the principles which it has so carefully maintained for many years. Hard times make strange bedfellows, however, and the receipt of a substantial revenue from an enterprise that is daily losing large sums of money, would lighten Hydro's burden and strengthen its financial position.

HINDE & DAUCH MAKES PROFIT AFTER CHARGES

(Continued from page 1)

$17 in the cheapest market for scrap in the country. Prices in Buffalo rose from $5 to $14 per ton. As a result of this demand scrap paper was imported from Canada and the Canadian price rose from $8 to $16 per ton. Only in the last few weeks have prices eased off.

Manufacturers in the United States were able to offset increased prices for raw materials by raising their prices on liner board. Test liner board went up from $28 to $65 per ton; chip board from $18 to $42.50 and box boards were up in proportion. One mill is reported to have booked sufficient orders in three days to cover four months production.

While the situation in the United States was affecting prices of raw materials in Canada the price of liner board remained unchanged in this country. Prices on bleached and unbleached sulphite pulp however are higher which gives added incentive to some of the newsprint companies that manufacture liner board to agree to an increased price. Some of these companies have been operating in this line at considerable loss as is indicated by the last annual statement of Bathurst Power & Paper Co. which stated:

"Reference was made in last year's annual report to the introduction of kraft liner board. The demand for this product has enabled the company to increase its total volume of business, and aggregate sales were in excess of the preceding year by over 4,000 tons. The manufacture of kraft liner board, although not productive of profit, assisted the company very materially in reducing its inventory of wood."

OTTAWA TALKS BIG CHANGES IN ANNUITIES

(Continued from page 1)

been self-sustaining, there is a conflict of opinion at Ottawa. The insurance companies contend that it has never been and, therefore, compels them to meet state-subsidized competition. On the other hand, it is equally true that it never was intended to be self-sustaining. The original legislation, drafted and presented to parliament by Sir Richard Cartwright, was based on the principle of state aid. The state was to bear the expense of administration and, more than that, Sir Richard believed the state should pay part of the premiums.

There was general agreement with Sir Richard, at the time, on both points, but the late Hon. W. S. Fielding felt that it might be unwise for the state to pay, directly, a share of the premium cost. As a less obvious means to the same end, he suggested that all the income of the annuities branch should be invested, under the statute, in Dominion of Canada bonds and that instead of paying the going interest rate of 3 per cent, the government would issue special 4 per cent bonds. This, really, amounted to a bonus of one per cent.

For a time the Fielding policy was an effective subsidy, but with the war, interest rates rapidly advanced and for the past 20 years the government has been paying more than 4 per cent and sometimes more than 5 per cent for its money.

Large Sum Piled Up

Meantime, the annuities branch has piled up more than $40,000,000 of money to be invested and all of this money has been loaned to the crown at 4 per cent. For many years, therefore, the government has saved nearly 1 per cent on this sum—or, say, $300,000 per year.

Figured on this basis, proponents of the policy contend the government has made a net profit on the annuity business.

In the main, however, the annuity policy finds favor in the eyes of the government because it offers an alternative to Old Age Pensions. The cabinet is very critical of the pension statute and is emphatically of the view that the policy of handing out $20 per month to everyone, who may need it, after they reach 70 years of age is vicious. It discourages thrift, discourages self-reliance. And it is running into large sums of money. The day is not distant when Old Age Pensions will cost the treasury $20,000,000 per year.

What the government has in mind is a recasting of the annuity policy so that the state will bear a share of the cost. Annuities will then be purchaseable at so low a figure that if a man or woman fails to provide for old age, the state may rightly disclaim responsibility.

Premier R. B. Bennett gave a lead to the policy which may be worked out when he spoke on the annuity branch in the Commons some years ago. He said, in part:

"My suggestion is that this parliament would be discharging its proper functions if it placed upon the statute books of Canada an act that will enable the young man who had shown evidence of thrift to obtain an additional annuity of $5 per month, making a total of $25 per month instead of $20, the state contributing the $5 per month as an incentive to him to exercise thrift and economy during the earlier years of his life. That is my suggestion to the House, because there are few matters which interest me more."

Mr. Bennett's suggestion was that if anyone purchased a government annuity of $20 per month, the state should give an additional $5.

Therefore, while the government may increase annuity rates it is quite clear that any impairment of the federal annuity service is not to be expected. On the contrary, it is probable that an effort will be made to substitute a state aided annuity system for the present Old Age Pension policy.

Canada's oldest bank this month enters upon its 117th year.

BANK OF MONTREAL
Established 1817
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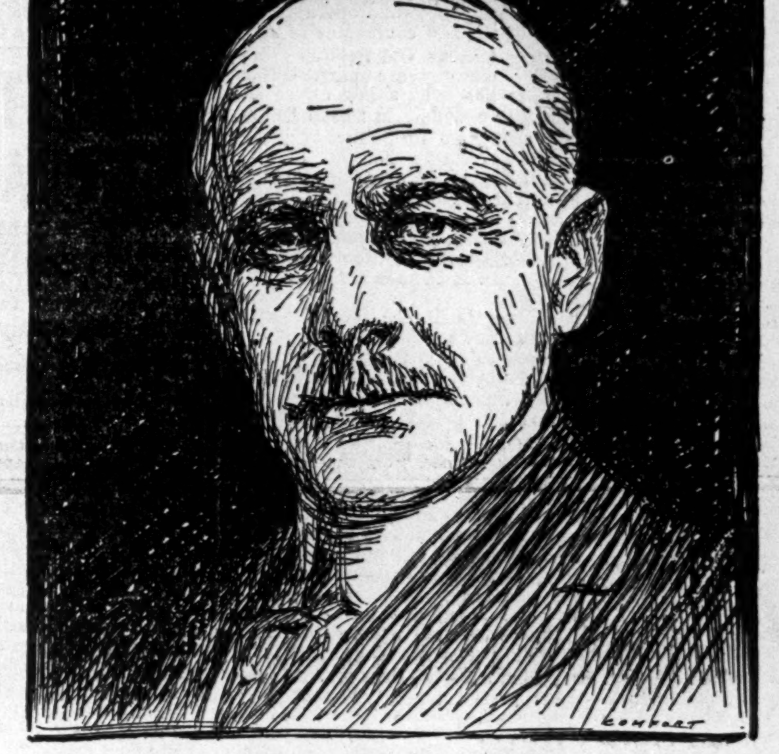
HEAD OFFICE MONTREAL



He was a Sensible Personal Executor

A little flattered, he had assented light-heartedly when years ago his friend M. had asked him to be his executor. They were both young. Middle-age had seemed too far away to take seriously.

But the years slipped by. He entered his father's business and inherited it. M. built up a business of his own. Then, a motor accident. M. was dead.

He had become an executor. Executorship, he knew, brought work and responsibility. He knew little about M.'s business. The M.'s were a large family. Some of the grown-up children lived at a distance. How long was it since he had seen them? . . . There were trusts in the will for Mrs. M. and the younger children. His work and responsibility as trustee would last for years . . . and his own business was taking more out of him than it had ever taken.

He realized his vagueness of mind about "probate," "succession duties," "passing accounts" and other problems of trusteeship. To embark on the work might easily involve himself and the estate beyond recovery. "The time to stop this," he thought, "is at the beginning." He at once arranged to entrust his duties to a professional trustee—the trust company.

If you are an executor, or if your executor is an individual, discuss your problems with us so that we may give your estate, or the estate with which you are entrusted, the full benefit of our experience.

Our booklets "Modern Trusteeship" and "The Plan of Your Will" are available on request.

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New Lease of Life Given To Old Warm Air System

Air Conditioning Apparatus Manufacturers Find Warm Air Furnaces Best—But Many Changes Needed in Present Installations

By A. W. LYNN

As it is in connection with heating apparatus that modern air conditioning is installed, the specific problems relative to the different types of heating in general use are important. Three heating systems are common in Canada, viz.: warm air, steam radiation and hot water radiation.

Warm air heating constitutes the oldest form of central heating system now in use. It has deficiencies which nevertheless may be overcome by means of forced circulation of air. For some years there was a definite trend away from warm air heating but with the advent of complete air conditioning and the employment of forced circulation to supply conditioned air to interiors, a new lease of life has been given to the warm air principle. It will likely be the form in which a great percentage of the homes will be air conditioned. But it can be no hit or miss proposition. For instance, James Govan, of Govan and Ferguson, architects, Toronto, who has made a close study of the subject since its infancy, points out that the entire duct system must be accurately planned to accomplish the proper circulation of the conditioned air, and the problem of noise transmission referred to in our previous article* must be carefully studied and solved.

May Use Old Furnace

In old buildings the present warm air ducts may be used depending on their size and their location. An old type warm air furnace may be used in some cases but for best results it should be replaced by a furnace of improved design, manufacturers of air conditioning apparatus stress. The method of heating the air is not limited. Air conditioners on the market at present employ either an oil burner, gas burner or a coal blower.

In each room to be heated or cooled, in the ideal installation, there is a wall register usually just above the baseboard or higher if permissible. There is also a return duct near the floor. During the winter season, the cooler air in the rooms is drawn down a duct to the air conditioner in the basement. It goes first through a filter, composed of spun glass or metal wool, which extracts the dust. It is then humidified and heated, and finally by means of a circulating fan transferred through another duct to the rooms. Both the mechanical and evaporative types of humidifiers are employed. The first is a spray of water through which the air passes and is washed. The evaporative type is self explanatory. The heated air in each case takes up the required amount of moisture.

The above is a general description of what takes place within the air conditioning apparatus. There are automatic controls to regulate the temperature and humidity requirements of the home or building. In a fully automatic system there is a thermostat in a representative position. The temperature, as recorded on this instrument, starts and stops the oil burner or coal blower giving the required amount of heat. Through a relay control the motor driven air circulating fan is made to lag in order not to send up cold air before the burner has heated it. There is also a humidistat at a representative position. This instrument is very sensitive to moisture changes. When the humidity falls below the reading at which it was set, a valve or gate is opened allowing more water to evaporate into the circulating air.

During the summer months, of course, it is no problem to keep the relative humidity (moisture content) up to a certain degree; the problem is to keep it down. During the warm weather the normal moisture content of the outdoor air is too high for comfort. Therefore, during the summer period it is necessary to dehumidify when reducing temperature, in order to produce the optimum air conditions. When the summer season arrives the owner merely pushes a switch on the relay control to a point marked "summer." This cuts out the oil burner or coal blower for the season.

Cools in Summer

The thermostat upstairs now reverses its duty and as the temperature rises above whatever temperature is desired, it starts the circulating air fan in operation. The air, instead of being heated and taking up moisture, now passes through the cooling unit where it is cooled to the desired degree and at the same time gives up some of its moisture. The system is now sending up cool, dehumidified and cleansed air into the rooms through the same ducts which carried the warm air in the winter.

In some localities a supply of cold water, say, about 50 degrees, is available in sufficient quantities to use in the coils of the cooling unit. It does a very fair cooling job at a low cost. However, where city water temperatures are too high for cooling purposes, then ice cooled water or mechanical refrigeration must be used. The cooling coils are usually located adjacent to the filter and circulating air fan so that the air is first filtered before being cooled. In installations where cooling units are not included, some relief is gained from the high temperatures and humidities through forced air circulation only.

Air Movement Control

For instance, in a room where the temperature is above 80 degrees, with proper circulations of air, but without cooling or dehumidifying, the occupants seated at rest may be fairly comfortable. The control of air movement within an enclosure plays an important part in air conditioning. The most comfortable and healthful air conditions require a low velocity air movement, facilitating body evaporation and at the same time tending to prevent air stagnation and heat stratification. This must be accomplished with an even distribution of air movement throughout the room or area without noticeable draughts.

In other installations a separate air conditioning unit employing forced air circulation is used in conjunction with a steam or hot water boiler. However, instead of hot water or steam being piped to radiators in the different rooms, the boiler is directly connected to the air conditioning unit located in the basement. In the latter, fans draw the air in through a filtered intake at the bottom of the unit. It then comes in contact with the steam heated warming chamber. After being heated, the air passes over a wire mesh screen on which heated water slowly drips.

Zoning System Possible

The required amount of moisture is controlled automatically, of course, and the conditioned air then passes through the usual ducts to the rooms above. In some cases two air conditioning units are operated from one boiler in fairly large installations permitting zoning the building with independent temperature control for each zone. In some systems where a steam boiler is employed to heat a domestic water storage tank the oil burner operates 365 days in the year, but of course the supply of steam to the air conditioning unit is automatically cut off during the warm season. In systems of this kind a cooling unit may be included in the air conditioner unit.

Another application of air conditioning equipment is its use in conjunction with existing hot water radiation or steam radiation systems. This will likely be the method employed in many large buildings as water is a good transfer medium for heating in cold weather and cooling in the warm weather.

Improve Appearance

During the past few years there has been a definite trend toward radiation of improved appearance. An example of this type of radiation is the baseboard radiator (in connection with both steam and hot water) installed along the floor line and concealed by attractive grille work. When forced circulation of air from concealed radiation is employed, using a motor driven fan, still further reduction in the temperature difference between floor and ceiling can be obtained. This means an additional saving in operation costs and an improvement in comfort. These are called unit heaters or floor type air conditioners and take the place of the ordinary radiator. They may be used in one room or in many as desired. They are available for all year round air conditioning or they may be installed merely to cool and dehumidify and circulate air during the warm season. Or they may filter, humidify and circulate air during the winter months only.

All year round floor type units are really air conditioning units on a smaller scale, taking the place of the radiator. They are attractively designed and do not take much more space than a large sized radiator. These units are equipped with heating coils for the winter and cooling coils for warm weather. The air in the room is drawn in through a filtered intake at the base by means of fans. The air passes through the coils and is heated or cooled depending on the season. In the winter the air takes up moisture from a humidifier built right in the unit and is then circulated in the rooms. In the summer the air is cooled as it passes through the cooling unit and is dehumidified.

Portable Units Available

If the units are available for summer cooling only, one or more of these may be operated from a remote refrigeration machine in the basement or a single unit may be operated from a small capacity refrigerating machine located in an adjoining closet or room. Some of these cooling units in cabinet design are portable, having rubber tired wheels, a flexible electric cord and sufficient length of rubber hose to supply water to the cooling machine.

Some of the all year round air conditioning units are made especially to replace radiators underneath ordinary sash windows and with a fresh air intake through the sash. The design of this type of unit varies to suit different surroundings.

Air conditioning equipment to suit different types of buildings are summarized in the following paragraphs.

(1) Direct fired warm air furnace incorporating humidifier, circulating fan, cooling and filter with duct system to rooms.

(2) Hot water or steam boiler indirectly connected to separate air conditioning unit. Duct system extends to the rooms from the latter.

(3) Combination of boiler indirectly connected to air conditioning unit using warm air ducts and ordinary radiation for certain rooms.

(4) Hot water or steam boiler employing usual piping system to rooms, but using floor type air conditioners in each room in place of radiators.

Apartment and Office Buildings

For large buildings a number of combinations may be employed. In apartments and office buildings a hot water or steam boiler employing the usual piping system with unit air conditioners in the rooms in place of radiators is the usual layout.

Industrial Plants

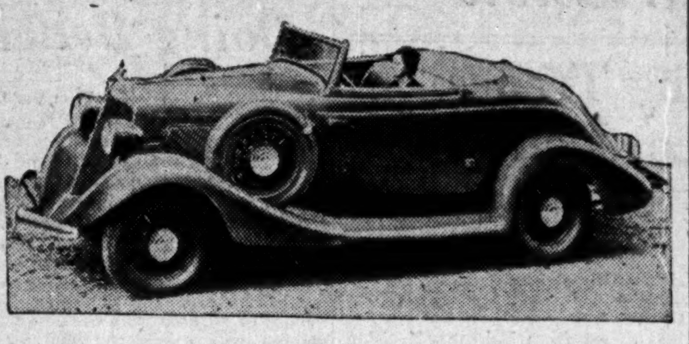
The size of the plant would govern the combination. However, unit air conditioners served through a piping system from a steam boiler are the most practical in the majority of cases.

In a third article on air conditioning, which will appear in an early issue, the headway being made in installation in industrial plants and commercial buildings will be discussed.

*The Financial Post, October 28, 1933.

"Economics are about as complicated as a gasoline engine, and ignorance of them is not excusable, even in Prime Ministers and other irresponsible relics of a disreputable era."—*Ezra Pound.*

New Models for Studebaker



Rakish "airway" streamlining is a feature of the three new Studebaker models announced recently. The three groupings, "Dictator," "Commander" and "President" are retained but prices are substantially lower, the factory price of the cheapest "Dictator" model being $260 below the price of the corresponding model a year ago. The convertible coupé is shown above.

ARCHITECTS BLDG. TAKES ADVANTAGE PERIOD OF GRACE

Bond Interest Due Nov. 1 Will Not be Paid, Company Advises

From Our Own Correspondent

MONTREAL. — Holders of the first mortgage 6 per cent bonds of Architects Building Corp. have been advised by the company that interest due on November 1 will not be paid. The company is taking advantage of the sixty days grace provided under the trust deed, which makes interest finally due and payable on January 2 next.

In the company's advice to bondholders it states that although the building has reached a rental position of approximately 92 per cent occupancy, revenues have been greatly reduced as a result of lower rental rates and the serious loss sustained by the company through bankruptcy of one of its tenants, Corporate Steel Products.

Earned Interest in 1932

The corporation undertook the construction of a 14-story modern office building on Beaver Hall Hill, Montreal. It was completed in May, 1931, and during the year ended April 30, 1932, interest on the bonds was earned 1.03 times before provision for depreciation.

The value of the company's land and buildings was appraised at $1,550,990, on which the company issued $700,000 of first mortgage bonds; $349,000 of general income mortgage bonds and 4,000 shares of no par value common stock. The senior issue was offered to the public through W. C. Pitfield and Co.

Lignite Coal Company Buys Engine from C. P. R.

From Our Own Correspondent

REGINA. — Truax-Traer Coal Co., Ltd., Estevan, has purchased a new locomotive from the Canadian Pacific Railway to handle its increased volume of business. It will be used to switch from the mine to the main line. The steam locomotive will replace a gasoline engine.

The mine's October output is estimated at 30,000 tons of lignite.

Rockne Car To Disappear From Lists

After a successful career of about two years duration, the Rockne car has now been withdrawn as part of the Studebaker line. The decision applies to both Canada and the United States.

To replace Rockne, the Studebaker line has been revised drastically in price so as to draw the lowest price range of Studebaker models to within $100 of the old Rockne price range.

Thus, the "Dictator" group in the Studebaker line is now about $250 lower in price than heretofore which brings it within $100 of the corresponding Rockne models. The lowest price for the new "Dictator" (f.o.b. factory) is $895. "Commander" model prices begin at $1,225 (f.o.b. factory) while the price for the "President" group is $1,510 (f.o.b. factory). The lowest price of previous Studebaker models was $1,155.

Features of the new Studebaker models are special streamlining, lower prices and a new ventilating system.

Revive Traffic Council To Oppose Oil Increase

From Our Own Correspondent

REGINA.—The Saskatchewan Traffic Council will support the Provincial Government's action in opposing an increase of crude oil freight rates, a reorganization meeting announced. The council has written federal authorities to hold the conference on operation of public service vehicles in which the Federal Government and Provincial Governments will take part, in Winnipeg instead of Eastern Canada to permit western representatives to attend.

J. M. Stevenson, K.C., Saskatoon, was elected president, L. A. Blackwood, Moose Jaw, vice-president and George A. Ewart, Regina, board of trade commissioner, secretary and treasurer. C. H. Ireland, traffic solicitor for the Hudson Bay route, will represent the traffic department of the Provincial Government on the council.

Sandwich Tax Collections Up Expect Budget to Balance

Town of Sandwich had collected slightly over 50 per cent of the 1933 tax levy of $404,000 early in October, it was recently reported by Mayor Reaume. In addition some $150,000 of arrears had been collected, compared with $135,000 last year. Collections on the current levy amounted to only 28 per cent of the total at the same time last year.

The budget was drawn up on expectations of collection of 66 per cent of the total levy this year. It is hoped that this will be reached within the next two months. Mayor Reaume expected that the town would live within its income in the year, and that no bank loan would be needed to finance services. Thomas Bradshaw, chairman of the town's control board, was reported pleased with the progress made.

The sixth of a series of advertisements re-stating the basic principles which guide our trust work.

Every Trust Fund Is SEPARATE

Fidelity to TRUST

"The funds and property of each trust in our institution are kept separate from those of all other trusts—and separate also from the properties and funds belonging to the institution itself."

* * *

THIS old, established principle of trust service is generally known to most people. For the benefit of those who may not be familiar with it—and to refresh the minds of others—we have re-stated it above.

Stocks, bonds, or other property comprising a trust are not in any sense a part of our institution. For all practical purposes they are as separate as if we had them only for safekeeping. In no case are these mingled with the assets of our institution.

In the same manner the stocks, bonds, and property of each trust are kept separate from those of other trusts. Each trust portfolio in our vault is as separate as individual safe deposit boxes. Some are large, some are small, but in no instances are they mingled with each other.

The segregation of trust funds is one of the traditional practices and principles of trust service. It is one we adhere to rigidly.

We Invite Enquiries Regarding Our Services

Crown Trust Company

William I. Gear, *President* — John Jenkins, *Vice-President*
Arthur Lyman, *Vice-President* — Irving P. Rexford, *Gen. Manager*

393 St. James Street - - Montreal

Saskatoon in Market For 21-passenger Bus

From Our Own Correspondent

REGINA.—Saskatoon City Council has arranged to call tenders for a 21-passenger bus. At present a bus is being rented from the Black and White Taxi Company but the council is of the opinion it can operate its own bus three cents a mile cheaper than the rental paid the taxi company.

Car loadings for the week ending October 21 totalled 51,705 cars, an increase of 1,402 cars over the previous week's figures and a gain of 1,830 cars over the same week a year ago. Grain showed the largest decline while gains in the eastern division were made by ore, pulp and paper, lumber and coal.

Automobile Companies favor "La Presse"

"La Presse" has been marking up outstanding records during 1933 in new passenger car advertising. For instance, for the first nine months of 1933, according to Media Records, "La Presse" not only outdistanced by a good margin all other Canadian daily newspapers in new passenger car advertising but also ranked up with the leading newspapers of the United States in this classification. Truly a remarkable tribute to the pulling power of "La Presse" — Canada's great French daily newspaper. Among the cars advertised in "La Presse" this year are:

Auburn — *Hupmobile*
Austin — *McLaughlin-Buick*
Cadillac-LaSalle — *Oldsmobile*
Chevrolet — *Packard*
Chrysler — *Plymouth*
De Soto — *Pontiac*
Dodge — *Reo*
Ford — *Rockne*
Frontenac — *Studebaker*
Graham — *Willys*
Hudson-Essex

When considering advertising in Quebec Province think of French advertising *first!* Remember Quebec is overwhelmingly French. Look at these census figures from the Canada Year Book 1933. Province of Quebec: French 2,270,059, British 432,726.

Advertising is the open sesame to sales, but to make it effective you need to give it careful consideration. Think *through* the Quebec advertising problem and it will be as clear as crystal that in French Canada the emphasis should be placed on French advertising. French is the mother tongue of the big majority of the population. "La Presse" is the national newspaper and magazine of French Canada. It outdistances all other French papers and magazines by a wide margin. Just study the circulation figures and you will get the whole story!

"La Presse" translation staff changes English advertisements into good selling French, easily understood by all.

LA PRESSE

Ads for insertion in "La Presse" are translated into French free of charge. We translate hundreds of ads each month.

"The dominant advertising mediums of the Montreal-Quebec Market"

DAILY—FARMERS' WEEKLY—COLOROTO MAGAZINE — PUBLISHED ENTIRELY IN FRENCH

Toronto Branch: Metropolitan Building — Elgin—9652 — S. L. Rees, Manager

Utilities and Transportation

CANADIAN PACIFIC NET IN SEPTEMBER ON LOWER SCALE

Net Income for 9 Months $559,918 Less Than Last Year

From Our Own Correspondent

MONTREAL. — Net operating revenues of the Canadian Pacific Railway from the beginning of the current year to the end of September were $559,918 less than for the same period of 1932.

The showing for September was in line with expectations, the drop in gross income exceeding the lower working expenses by $719,247. Gross earnings totalled $11,173,335 compared with $13,344,078 a year ago. Working expenses were reduced from $9,621,502 to $8,170,006, leaving a net operating income at $3,003,328. This compares with $3,722,576 in Septemebr, 1932.

Look For Increase

During October the weekly reports on gross earnings held out hope for a better showing. While the gross income was not any greater than a year ago the maintenance of income together with a reduction in working expenses, should result in a favorable showing in respect to net earnings.

For the first nine months of this year, the Canadian Pacific earned $81,982,529 from railway operations. This was $9,242,420 less than in the same period of 1932. Working expenses were substantially lower, but the saving in this regard is insufficient to offset the drop in gross, so that net earnings for the period totalled $9,971,451, compared with $10,531,370 for the first nine months of 1932.

C. N. R. SYSTEM'S NET INCOME OFF FOR SEPTEMBER

Drop in Gross Earnings Offsets Savings in Expenses

From Our Own Correspondent

MONTREAL. — Net operating revenues of the Canadian National Railways in September, 1933, were $180,087 lower than for the same month last year, while for the first nine months of the current year, the System reports a drop of $1,692,456 in net income compared with the corresponding period of 1932.

Gross revenues on the system amounted to $14,082,057 during September last. This was a drop of $1,129,467 from September a year ago. Offsetting this decline was a reduction of $929,380 in working expenses, so that net revenues for the month of $2,058,858 compared with $2,238,945 in September, 1932.

Gross Declined $12,405,000

From January 1 to September 30, gross revenues of the all-inclusive system were $108,216,280. This represented a decline of $12,405,179 compared with the gross for the corresponding period of 1932.

Operating expenses during the first nine months of this year totalled $107,308,907, or $10,710,723 less than for the same period of 1932. Cumulative net revenues for the nine months of 1933, therefore, amounted to $907,373 or $1,692,456 less than in 1932.

Shawinigan Chemicals Get "Stainless" Steel Agency

From Our Own Correspondent

MONTREAL.—Stainless Steel and Alloys Division of Shawinigan Chemicals Ltd., subsidiary of Shawinigan Water and Power Co., has entered into an arrangement with Thomas Firth and John Brown, whereby it will be possible for the Canadian trade to secure all stainless steel requirements such as castings, plates, sheets, tubes and bars. The new plan is that Shawinigan Stainless Steel will supply along with their regular lines of "Nirosta" stainless steel castings, the tubing, plates, sheets and bar stock made by Thomas Firth and John Brown of their "Staybrite" steels.

To facilitate the service possible under the new arrangement, stocks of sheets, plates, tubes and bar stock will be carried in Canada by Shawinigan Chemicals Ltd.

Shawinigan Power Clear of Water Shortage Troubles

From Our Own Correspondent

MONTREAL. — Shawinigan Water and Power Co. power houses have not been affected by the prolonged absence of rain that has caused an abnormal lowering of the level of all lakes and rivers in the province. Recent heavy snowfalls are expected to bring about an improvement in the situation and at this time there is little fear of any power shortage.

I. P.'s Three River Plant Operating Seven Machines

From Our Own Correspondent

MONTREAL. — Increasing activity has justified putting into operation the seventh of their eight machines in the Three Rivers Mill, according to I. H. Copeland, manager of the Canadian International Paper Co. The mill is now operating at 80 per cent of capacity and there is a prospect that early next year the eighth machine will be brought into operation.

Railway Running Trades Reach Accord on Wages

New One-Year Agreement Calls for Increase Over Existing Schedule — Opens Way for Other Divisions

From Our Own Correspondent

MONTREAL.—Railway running trades have come to an agreement with representatives of the Canadian National and Canadian Pacific Railways as to wages over the next twelve months. This action is expected to be followed by similar compromises to settle disputes between the railways and other divisions of labor and thus remove one of the major problems confronting the operators.

Engineers, trainmen, firemen, conductors and telegraphers have agreed to a reduction of their basic wage scale of 15 per cent from one year from November 1, 1933, to October 31, 1934, in lieu of the present reduction of 20 per cent, which had been in effect since May last. At the end of that time the reduction drops to 10 per cent with the provision that after September 1, 1934, either party may serve notice of desire to change this percentage.

Means Pay Increase

In effect the present agreement calls for an increase in the wage paid to the class of workers enumerated above. Thus for the past six months the men have been paid the basic wage rate less 20 per cent, while for the next twelve months they will receive the basic wage rate less 15 per cent.

The dispute dates back to the fall of 1931 when, at the request of the companies, a board of conciliation sat to hear their request for a reduction of 10 per cent in the basic wage rates of the running trades. Following protracted negotiations and hearings the board awarded their decision to the companies and the first 10 per cent reduction went into effect from February 1, 1932, until January 1, 1933.

On the expiry of this agreement the basic wage rates were not restored, and the railways in announcing that they were not in a financial position to return to these rates intimated that a further reduction of 10 per cent was contemplated and that the first reduction would be continued. The total reduction was thus brought to 20 per cent effective from May 1, 1933.

Board Favored Railways

The men contested this and the railways applied for a board of conciliation to hear the case. This board awarded to the companies the right to put the second cut into effect, and a minority report by the men's representative found in favor of the men. The running trades finally distributed to their membership at large a strike ballot, and although the result of that ballot was never made public, it was claimed that the men had voted in large majority for a strike if the dispute could not be settled amicably.

Negotiations with the railway companies were broken off, and the men had several interviews with the Minister of Labor, the Minister of Railways, and the Prime Minister. On October 5, Premier Bennett announced that following discussions with both parties he had been successful in bringing them together again and that further negotiations would be renewed without delay. In the past three weeks the vice-presidents of the five running trades have been meeting the managements of the companies, and the settlement outlined was the outcome of these meetings.

FREIGHT BUSINESS OF AIRPLANES SHOWS INCREASE

High Rate of Efficiency in Canada's Air Mail Reported

Carriage of freight and express by airplane in Canada alone showed an increase during 1932, according to summary figures covering civil aviation in Canada in that year released recently by officials at Ottawa. The figures show that all other aviation activities in Canada declined materially during 1932 except for total mail carried which was maintained within 10 per cent of the previous year's figure. Freight and express carried reached a new high mark of 3,130,000 as compared with 2,372,000 pounds the previous year and only 1,759,000 in 1931.

Total number of flights made in 1932 slumped from 73,600 in 1931 to 56,170. In 1930 the corresponding figure was almost 93,000. Airplane mileage flown was cut almost in half at 2,787,000 as compared with 5,281,000 the previous year. To offset this, however, mileage flown by "float" seaplanes was maintained almost at last year's level of 1,500,000 miles which boat seaplane mileage showed an actual increase almost to the 200,000 mile mark, the figure for 1931 was 180,000 miles. Amphibian mileage also showed a sharp jump to 80,573 miles as compared with 30,950 miles in 1931.

Comparative figures for the two years follow:

	1932	1931
Aircraft flights made	102,219	144,080
Aircraft hours flown..	56,170	73,645
Airplane mileage	2,786,609	5,280,958
Float seaplane mileage	1,503,157	1,553,721
Boat seaplane mileage	198,792	180,620
Amphibian mileage ..	80,573	30,950
Total aircraft mileage	4,569,131	7,046,276
Passengers carried (paying)	52,111	75,003
Passengers carried non-paying)	13,757	15,459
Mail carried (contract)	413,687	470,461
Firms mfg. aircraft ..	7	7
Firms chiefly oper. aircraft	73	100

A survey of contract air mail services operated in 1932 shows that mails were carried by air over routes totalling 4,198 miles at the end of 1932. Scheduled mileage during the year was 536,000 of which actual performance totalled 545,000. Percentage of efficiency was therefore 91.7 per cent as compared with 80.5 per cent the previous year and 93.1 per cent in 1930. In nine of 21 routes the service was reported at 100 per cent efficient. The lowest point was 63 per cent efficient in the Leamington-Pelee Island service.

Analysis of flying accidents shows steady improvement throughout the year. Total personnel killed in 1932 numbered 13, while those injured totalled 12. Corresponding figures for the previous year were 27 and 20 respectively. Of total persons killed 6 were pilots, 6 passengers and one a third party. Total flying accidents causing death or injury numbered 16 as compared with 25 the previous year

QUEBEC POWER LIGHTING RATES AGAIN ON TAPIS

Quebec City Council Asks Further Discussion on Report

From Our Own Correspondent

MONTREAL.—Quebec Power Co. has been invited by the Quebec City Council to have representatives confer with them on a further discussion of the report compiled by a special committee of engineers, several months ago, relative to electricity rates in the city.

It is thought that renewed negotiations between the company representatives and the civic council will result in an agreement as to rates and that the plebiscite recommended by the city council for next February, for the purpose of obtaining the opinion of the property owners of the city on the question of municipalization of the electric lighting system, will not be necessary.

Differences of Opinion

The commission was created as a result of a dispute between the city authorities and the company in regard to electric rates. Some time ago the company submitted a new schedule of rates to remain in effect until 1935. Quebec Power stated its revenues for 1932 to be $1,660,625 and was willing to reduce this figure for the period ending 1935 to $1,591,154 and further to $1,573,454 after that year. This was not favored by the city authorities who caused the commission to be created to enquire into the question.

Thought Figure Too High

The commission thought the yearly revenue for the period ending 1935, as submitted by the company, was too high. The company's figure of $1,591,154, they believed, should be reduced to one of $1,074,386 and that of $1,573,454 for the period commencing 1934 should be reduced to $903,486. The commission thought that a fair revenue per annum would approximate $1,316,996 instead of $1,660,624, which was the company's revenue for 1932.

In order to obtain this return it would be necessary to effect a reduction in rates calling for a cut of 20.7 per cent of the present revenues.

Public Utility Earnings

Mexico Tramways, Group of Companies
Canadian Currency

September	1933	1932	Decr.
Mexico Tramways & subs.:			
Gr. earn. ...	205,181	232,399	27,218
Oper. and deprec. exp.	283,924	322,607	38,683
Net earn. ..	*78,743	*90,208	†11,465
Aggre. gross from Jan. 1	2,082,959	2,206,910	123,951
Aggre. net from Jan. 1	*681,893	*668,550	13,343
Mexican I. & P. Subs.:			
Gr. earn. ...	685,986	723,033	37,047
Oper. and deprec. exp.	422,811	473,360	50,549
Net earn. ..	263,175	249,673	†13,502
Aggre. gross from Jan. 1	6,657,924	7,008,286	350,362
Aggre. net from Jan. 1	2,454,642	2,574,101	119,459

†Increase. *Deficit.

Barcelona Traction

Sept.	1933 Pesetas	1932 Pesetas	Incr. Pesetas
Gr. earn.	8,966,671	8,797,799	168,872
Oper. exp.	3,330,099	3,229,779	100,320
Net earn.	5,636,572	5,568,020	68,552
Aggre. gross from Jan. 1	83,515,079	81,653,770	1,861,309
Aggre. net earn. from Jan. 1	54,630,990	54,102,192	528,798

Jamaica Public Service

September	1933	1932
Gross earnings	$62,991	$63,809
Net earnings	25,184	26,540
Surplus after chgs. ..	15,482	17,249
12 Months Ended Sept. 30:	1933	1932
Gross earnings	$793,190	$794,643
Net earnings	326,864	317,519
Surp. after chgs. ...	213,688	205,823

Power Industry in Canada Doing Better Than in States

From Our Own Correspondent

MONTREAL.—Canada's central electrical industry has recovered more rapidly from effects of the depression than the electric industry in the United States. Until 1929 output of energy in the States has shown a consistent increase. From 1930 onward declines were noted, though at present increases are again the order of the day. The record of gains by the Canadian industry was unbroken until 1931. Last year also was an off-period, but in the first seven months of 1933 a moderate increase was registered.

The relatively more favorable showing of the central electric industry in this country compared with the United States, is due to the development of more and new outlets. In this respect the use of electric steam boilers has been an important factor; several hundred millions of kw.h. of energy being diverted to this use. At the same time there has been a quickening of activity in the principal power-consuming industries, such as newsprint, mining, etc.

Record Larger Gain

It is interesting to note in the following table that the central electric output in Canada this year was approximately 66 per cent greater than the average for 1925, while in the United States it was only 25 per cent greater.

AVERAGE POWER OUTPUT PER MONTH
(Million Kilowatt Hours of Electric Energy)

Year	United States	Per Cent Change	Canada	Per Cent Change
1925	5,489	.....	821	.....
1926	6,149	+12	932	+13½
1927	6,684	+ 8.7	1,186	+12.1
1928	7,321	+ 9½	1,328	+12
1929	8,113	+10.8	1,469	+10.5
1930	7,995	— 1.4	1,489	+ 0.3
1931	7,644	— 4.4	1,365	— 8.3
1932	6,912	— 9.5	1,323	— 3.1
1933*	6,864	— 0.7	1,361	+ 2.9

*First seven months.

Good Increase In Building For October

The best volume of construction contracts since November, 1931, is reported by MacLean Building Reports, Ltd., in their monthly estimate of new contracts awarded during October. The total is just over the $15,000,000 mark as compared with less than $9,000,000 in the same month a year ago and $8,400,000 in September, 1933.

Ontario contracts awarded amounted to $9,032,200 as compared with $2,577,000 in September or 60 per cent of the total. Quebec came next with $4,469,,900, compared with $4,356,800 for September, while each of the Maritime Provinces registered increases also. The four western provinces, on the other hand, each declined from the September total.

Relief Works Planned

The value of contemplated work reported for the first time in October amounted to $39,286,300 and includes relief projects sponsored by municipalities in conjunction with the federal and provincial Governments. It is also the largest monthly total since November, 1931. The largest total for contemplated work for any previous month in 1933 was $24,112,600 in June. For 1932 the biggest month was February, with a total of $24,428,600.

Contracts awarded in October, over $100,000, are as follows:

Cornwall, Ont., addn. to plant ..	$2,500,000
Fort Erie, Ont., grain elevator..	1,750,000
Valleyfield, P.Q., rebldg. convent and school	1,000,000
Noranda, P.Q., addn. to plant ...	500,000
Toronto, Ont., armories	375,000
Bathurst, N.B., pipe line	210,000
Toronto, Ont., sewers	198,800
Montreal, P.Q., school	194,900
Three Rivers, P.Q., chapel and infirmary	150,000
Toronto, Ont , storm sewer	135,400
Toronto, Ont., water distribution section	131,000

Business Briefs

Creamery butter produced in Saskatchewan during September amounted to 1,651,409 lbs. an increase of 6.1 per cent over "make" in the corresponding period of 1932. Production in the central section of the province accounted for slightly over half of the total production. As compared with 1932 figures the southern section produced slightly under 1 p.c. less while the production in the central section showed an increase of 7.3 p.c. and that in the northern section, 13.7 p.c. For the first nine months in the current year production totalled 16,678,611 lbs. for the entire province, an increase of 11.6 p.c. over the same period in 1932.

Bank debits during September were 17 p.c. greater in volume than in September, 1932. Gains were recorded in each of the five economic areas, except the maritime provinces where there was recession of 3 p.c. Quebec gained 16.2 p.c., Ontario 9.8 per cent., prairie provinces 38.8 p.c. and British Columbia, 11.6 p.c. For the first nine months of the current fiscal year, bank debits were 15.3 p.c. in excess of the first nine months of 1932.

City Gas and Electric Expand Plant Facilities

From Our Own Correspondent

MONTREAL.—City Gas and Electric Corp. report that it now has completed its 1933 construction programme in the Three Rivers division, having laid several miles of gas mains. Due to the present low cost of materials and labor, the directors have decided to continue the laying of mains till the frost and in that way part of next year's programme will be done this year.

Other divisions of the company are said to be making more than normal progress, especially in the Amos division where the company owns and operates the electrical and waterworks systems. Gross revenues in the Amos district this year will show an increase of 25 per cent over last year, and net earnings a betterment of over 50 per cent.

Jamaica Public Service Net Lower in September

From Our Own Correspondent

MONTREAL.—Earnings of Jamaica Public Service Ltd. and subsidiary companies were on a lower basis in September than was the case a year ago. Gross income totalled $62.911 compared with $63,809 last year. Net earnings dropped about $1,400 to $25,184, while surplus after all senior charges of $15,482 compared with $17,249 in September, 1932.

For the 12 months ended September, 1933, consolidated gross earnings amounted to $793,190; net earnings $326,864; and surplus after charges $213,688. For the preceding year gross income totalled $794,643; net earnings $317,519 and surplus after senior charges $205,823.

Asbestos Output Grows

The Canadian production of asbestos amounted to 12,455 tons in June and 14,531 tons in July, according to a report issued by the Dominion Bureau of Statistics. In June, 1932, the production totalled 8,936 tons and in July, 7,164 tons.

"Blame or Praise"

"I like your paper. I like the way in which the spending of the Dominion and the various provinces is dealt with by your paper. I like the fearless way in which blame or praise is given men in public office. I like the way unscrupulous financiers and stock salesmen are shown up. I like the way your articles on "rackets" have been presented. I appreciate the privilege of making enquiry on any Canadian security and getting a fair and true analysis.

"These are a few of the things I like. There have been many others from time to time. Here is wishing more power to your good editor and paper."

—New Brunswick Reader.

Power Corp. Redeems Block of Debentures

From Our Own Correspondent

MONTREAL.—Since the beginning of the current fiscal year, commencing July 1, Power Corp. of Canada has redeemed $236,000 of its debentures bringing the total amount redeemed to date to over $1,550,000, according to a statement made by A. J. Nesbitt, president, at the annual meeting of the company.

Reports submitted at the meeting were adopted and the officers and directors re-elected without change. Before adjourning the meeting Mr. Nesbitt said that everything possible was being done toward reducing expenses and improving the company's earnings.

Halifax Power and Pulp Issue $225,000 Certificates

From Our Own Correspondent

MONTREAL. — Halifax Power and Pulp Co., of Sheet Harbour, N.S., has filed a statement with the Federal Trade Commission of the United States on an offering of $225,000 in participating certificates.

This company is, or was until a short time ago, under the control of Roger W. Babson, head of the business statistical organization of the same name. It came into prominence a few months back by attempting to sell surplus power in the Halifax market. This was strongly opposed by Nova Scotia Light and Power Co., which took steps to bring the company under the control of the Nova Scotia Public Utilities Board. Heretofore the company had been free of the board as it had announced that it was not engaged in the distribution of electric energy.

Bullock Survey Finds Conditions Better Here

From Our Own Correspondent

MONTREAL.—A study of Canada's economic history during the depression indicates a relatively greater stability, especially with regard to financial conditions, general employment and foreign trade, than her neighbor to the south, according to a survey prepared by Calvin Bullock on recent economic trends in the United States and Canada.

Substantiating these conclusions, the survey states that "the average appreciation in common stock prices over the period, February to September, has been, in terms of U. S. dollars for both countries, a gain for Canadian stocks of 128.1 per cent, as against a gain of 70 per cent for U. S. stocks; in terms of a common gold base, a gain of 55 per cent, in Canadian stocks, as against only 15.1 per cent in U. S. stocks."

In respect to commodity prices the survey finds that the trends in the two countries have been similar. Since the depreciation in the Canadian dollar preceded that of the U. S. dollar a comparison of commodity prices in both countries in terms of world gold values is necessary. On such a basis the report shows Canadian commodity prices have declined 15 per cent from February to September against a decline of 20 per cent in U. S. commodity prices in the same period.

BRANDRAM PAINT MAKE PROPOSAL TO BONDHOLDERS

Seek Minimum Charges in Order to Build Up Working Capital

From Our Own Correspondent

MONTREAL. — Brandram-Henderson Ltd., paint manufacturers with a national distributing organization, have submitted a compromise plan to the consolidated mortgage bondholders to the holders of the consolidated mortgage bonds, upon which the company has defaulted interest and sinking fund payments.

During the past 30 months, operations of the company have not resulted in sufficient revenue to take care of interest payments on either the first or consolidated mortgages. At mid-year the company was in arrears of about $30,000 on the first mortgage sinking fund; $64,000 sinking fund and about $50,000 in interest on consolidated mortgages.

Under present conditions it will tax the company's earning capacity to the utmost to provide sinking fund, interest and principal on the $155,000 of first mortgage bonds which mature on October 1, 1936.

Feel Way Cautiously

Rather than attempt a complete reorganization of the company under conditions which make it difficult to foresee the future trend of events, it was decided to take such steps as will relieve the company of all but unavoidable fixed charges and thus permit the accumulation of necessary capital.

Ask For Concessions

In order to do this the consolidated mortgage bondholders are being asked, until after March 15, 1936, to restrict their demands for interest to the amount of income earned and available for that purpose.

The company is not asking for cancellation of interest payments but for postponement. The proposal provides for the cumulation of any interest not paid by March 15, 1936, and for payment of these arrears beginning September 15 of the same year in six equal installments at the same time as current interest payments are being made.

It is proposed to take $30,000 now being held by the trustee for the consolidated mortgage bonds and apply this sum to the first mortgage sinking fund and so place it in good standing.

Sinking fund payments also will be postponed.

Still Retain Rights

The whole arrangement is subject to the condition that, in case of liquidation, the rights of the consolidated mortgage bondholders as they stand at present shall revive. As a further protection the company undertakes not to pay any dividends until all interest and sinking fund payments have been met in full.

Will Avoid Liquidation

By agreeing to this proposal the consolidated mortgage bondholders remove the risk of forced liquidation which "under present conditions would seriously jeopardize the security of the consolidated mortgage bonds and might even result in exhausting the property to pay current bank loans and first mortgage obligations."

B. C. Electric and Workers Seek Conciliation Board

From Our Own Correspondent

MONTREAL.—A Board of Conciliation has been established by the Federal Department of Labor to deal with the dispute between the British Columbia Electric Railway Co., subsidiary of B. C. Power Corp., and approximately 1,400 of its employees in Vancouver, Victoria and New Westminster.

A three-year agreement under which the employees had been working and which had been modified on December 1, 1932, by a five per cent decrease, expired on September 30 of this year. The company proposed putting into effect a further wage reduction of 10 per cent which would make a total cut of 15 per cent from the basic rates in the agreement.

The employees rejected this further decrease and the company applied for a Board of Conciliation which is now being constituted.

Railway Earnings

Canadian Pacific Railway

September:	1933 $	1932 $	Decrease $
Gross earn.	11,173,335	13,344,078	2,170,743
Expenses.	8,170,006	9,621,502	1,451,496
Net earn..	3,003,329	3,722,576	719,247
Nine Months:			
Gross earn.	81,982,530	91,224,950	9,242,420
Net earn..	9,971,451	10,531,370	559,918

Canadian National Railways

September:	1933 $	1932 $	Decrease $
Gross rev.	14,082,057	15,211,524	1,129,467
Op. exp..	12,023,199	12,972,579	949,380
Net rev. .	2,058,858	2,238,945	180,087
Aggre. to Sept. 30:			
Gross rev.	108,216,280	120,621,459	12,405,179
Op. exp..	107,308,907	118,019,630	10,710,723
Net rev..	907,373	2,601,829	1,694,456

Gypsum, Lime Activities Shown in Output Figures

From Our Own Correspondent

MONTREAL.—Operations of Gypsum, Lime and Alabastine (Canada) Ltd. do not appear to have shown any marked change for the better during the current year judging by the figures on production of gypsum and lime as published by the Dominion Bureau of Statistics. For the first seven months of this year gypsum produced in Canada amounted to 158,482 tons compared with 216,656 tons for the same period last year. A better showing is made in the production of lime, output amounting to 155,122 tons between January and July, 1933, compared with 184,427 tons for the first seven months of 1932.

Apple Exports Heavier

The movement of apples from the Annapolis Valley to Halifax for export since the beginning of the season totals 468,623 barrels, 23,515 half-barrels, 187 boxes and 366 cartons, as compared with 181,318 barrels, 14,134 half-barrels, 446 boxes, and 298 cartons for the same period last year.

$50,000,000

will be paid by the Dominion of Canada on November 1st in interest payments and in return of principal. Many of those who have benefited from investment in Dominion of Canada bonds in the past, will wish to invest again in high-grade securities. Our November Monthly Review and Bond List should assist you by presenting a comprehensive list of carefully selected bonds.

Copy gladly sent to those interested.

Wood, Gundy & Company Limited

Telephone Elgin 4321 — *36 King St. West Toronto*

T. C. E. Watt, E. H. Watt, F. G. Venables, R. W. Wilson, W. L. Christie

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MONTREAL TORONTO WINNIPEG VANCOUVER

News of Investment Markets

BONDS STEADY DESPITE MOVES OF CURRENCIES

Dealers Ponder Outcome if Our Dollar Crosses Par in U. S. A.

Despite strength of sterling and weakness of American dollars, which would ordinarily be expected to have disturbing effects on the Canadian bond market, gilt-edged Dominion and provincial issues held steady in Canada in the week ended Oct. 31. Some dealers are seriously considering whether Canadian bonds may not be depressed, however, if the Canadian dollar goes to a premium over American funds.

British money has been coming into Canada recently in substantial volume, according to security dealers. This has been attracted by maintenance of strength in sterling exchange. If the Canadian dollar stays near par or passes it, in terms of American dollars, it is feared that United States investors, who bought Canadian issues when our dollar was much lower than at present, may start to sell on this market. So far this situation has not developed, it is stated.

Transfer of British funds to Canada is seen as a source of strength by Wood, Gundy & Co.:

"The strength in sterling has further stimulated the movement from Canada to England of Canadian securities payable only in English currency. This movement should have an important bearing upon the Canadian market, inasmuch as the sellers of sterling securities are reinvesting in domestic issues.

Dollar's Effects

Whether selling from Americans will develop is thought to depend largely on psychological factors. If it is fear for the soundness of American money which is keeping Uncle Sam's money down, then it is felt that Americans will be inclined to cling to their Canadian-payment bonds for safety's sake. If, however, Americans regain confidence in their own money, and it starts to rise, it may be less profitable for them to sell bonds here. Thus, it is possible that American investors will hold their Canadian-payment bonds off our market whether the United States dollar is strong or weak.

Minor changes, with alternate strong and weak periods, have been recorded by high-grade Canadian bonds. This is shown in the average yields, which move inversely to prices:

Average Yield on Seven High Grade Canadian Bonds

	%		%
Oct. 31	4.420	Oct. 25	4.427
Oct. 30	4.421	Oct. 24	4.420
Oct. 28	4.437	Oct. 17	4.420
Oct. 27	4.437	Oct. 10	4.483
Oct. 26	4.430	Sept. 30	4.459

Corporation bonds have been steady in dull trading. Price changes were smaller than for some weeks. Public utility bonds inclined to strength with the notable exceptions of Bell Telephone 5's, off two points, and Shawinigan 5's of 1970, off 2½ points on the bid side of the market.

An offering of $267,230 city of Port Arthur 5½'s was recently made by a syndicate headed by Cochran Murray & Co. Of this, $215,275 of 5½'s of 1948, offered at 97 to yield 5.80 per cent, has been sold. Of $51,955 in 30-installment 5½'s some $12,000 had been marketed by Oct. 31. The city held back $82,219 of 15-year serial 5½'s to be offered locally. The issue was marketed on an option basis.

COLLECT MORE MONTREAL TAXES; ARREARS HEAVY

Term Finance Report "Grim Reading" — Big Arrears

Tax collections in Montreal this year are reported to be slightly ahead of 1932 during which year only 60 per cent of the current tax levy was collected. A drop in assessments is considered likely to result in a higher proportionate collection.

Total arrears of taxes about Oct. 1, were $19,575,083, of which $16,282,923 is regarded as collectible, it is reported. It is expected that a substantial portion of arrears will be collected within 12 months both because the amount due is large and because arrears have been coming in fairly well this year.

Growth of tax arrears in recent years are indicated in the following table:

Tax Arrears in Montreal

	Real Estate	Water & Business	Total Arrears
	$	$	$
1932	9,743,280	1,756,425	11,499,705
1931	4,568,663	604,220	5,172,883
1930	1,128,553	311,873	1,440,426

In 1927 total arrears were slightly less than $195,000.

Grim Tax Report

Of the recently issued annual statement of the director of civic finances, the Montreal Gazette states taxpayers will find it "very grim reading." It shows the funded debt of the city at $235,554,797, and net debt at $161,957,238. The city's deficit in 1932 was $1,426,584, and the Gazette thinks the approach of an election in 1934 will perhaps lead civic authorities to solve their budget problem without additional taxation. "To succeed they must do more than go through the motions of economizing," says the Gazette.

It is feared in some quarters that the city's deficit may increase this year. Two features make the city's financing more difficult. First, it has to finance unemployment relief before it collects from the province and the Dominion; second, there is some $18,000,000 in unpaid expropriations, plus interest, on the city's books. Costs of carrying these charges and making installment payments on expropriations have to be budgeted, it is stated.

Canadian Western Lumber
Statement of Lumber Manufactured, Sales and Price Realized

August:	1932 feet	1933 feet	Increase feet
Lumber mfd.	7,782,868	9,277,000	1,494,132
Lumber sold	7,022,763	8,748,000	1,725,237
Price realized	$81,482	$133,994	$52,512
Aggre. mfd.*	66,791,706	74,711,157	7,919,451
Aggre. sold*	63,505,034	78,721,711	15,216,677
Price realiz.	*$789,373	$982,006	$192,633

* From Jan. 1 to end of August.

Conversion Loan Dominated New Financing in October

Of $225,750,450 in Bonds Issued in Month, Dominion Took $225,000,000—Total for 10 Months Largest in Five Years, 1931 Excepted

New financing by Canadian governments and municipalities amounted to $225,750,450 in October, according to an analysis by Wood, Gundy & Co. The Dominion conversion loan accounted for all but $750,450 of the financing, and the entire amount was sold in Canada, or is payable only in Canadian funds.

Municipal bonds were kept off the market during October partly because of the Dominion issue. Nevertheles municipal tender calls and bond sales did not increase after the loan had been marketed.

Total financing for the first ten months of 1933 amounted to $523,249,049. With the exception of 1931, when a Dominion conversion of nearly $640 millions was made, this is the largest volume of new financing for the same period in any of the last five years. Outside of two Dominion issues, one in London and one in New York, all the government and municipal bonds issued this year have been marketed in Canada. Foreign investors may have purchased some of the Canadian payment bonds of course.

The analysis follows:

Canadian Government and Municipal Financing

	1931	1932	1933
	$	$	$
10 Mos. to Oct. 31:			
Dom. Govt. dir. & gtd.	x759,816,500	z60,000,000	y408,000,000
Provincial Govt. dir. & gtd.	130,416,205	135,150,336	73,881,238
Ontario municipal	33,542,151	31,056,348	14,197,423
Quebec and Mar. mun.	43,301,000	55,506,987	27,013,388
Western municipal	11,413,363	4,263,766	157,000
Total to Oct. 31	978,289,219	285,977,437	523,249,049
Sold in Canada	224,676,719	192,949,104	390,249,049
Sold in U. S. A.	111,579,000	79,450,000	60,000,000
Sold in England	2,217,000	13,578,333	73,000,000
Month of October:			
Dom. Govt. direct & gtd.	....	....	225,000,000
Provincial Govt. direct & gtd.	....	19,410,000	....
Ontario municipal	....	847,071	479,278
Quebec & Maritime mun.	41,200	820,600	264,172
Western municipal	....	179,700	7,000
Total October	41,200	21,257,371	225,750,450
Sold in Canada	41,200	6,057,371	225,750,450
Sold in U. S. A.	....	15,200,000	....
Sold in England	....	....	....

x Includes $639,816,500 conversion loan.
z Does not include new Dominion loan 1935 and 1952.
y Includes $225,000,000 1933 refunding loan.

Dealers Await Bank Report Bond Exchange Still Distant

Suggestions in the daily press and elsewhere that Canadian stock exchanges may also become the chief bond markets, particularly in view of possible creation of a Canadian central bank dealing in such securities, are viewed as premature in some quarters. At present Canadian bond transactions are carried on mostly by telephone, and the market is in the hands of bond dealers who have been considering forming exchanges of their own in Montreal and Toronto.

The bond dealers and banks have command of the situation since they maintain the actual contacts with investors. Some members of the Canadian Investment Bankers' Association feel that it would be to the advantage of both dealers and investors if bond exchanges were formed, commissions charged, and official quotations listed each day, as is done for Canadian stocks. Any action which may be taken, however, is being deferred until the appearance of the Macmillan report on Canadian banking, The Financial Post is informed. If subsequent legislation is suitable, it will then be possible that I. B. A. members may endeavor to form bond exchanges. Another snag is that some large dealers may not wish to transfer their dealings to such exchanges even if less active I. B. A. members approve.

YORK TOWNSHIP SEEN AS DRIFTING INTO SUPERVISION

Suggests Business Men Demand Action to Save Faces

More than a month has passed since York township, Ontario, defaulted its Oct. 1 principal on debentures. Now the Nov. 1 principal payment has been defaulted, although interest was paid.

While action has been deferred, the situation is understood to be slowly but surely drifting toward appointment of a committee of supervisors. The problem is in the hands of creditors of the township, but differences of opinion are reported among the creditors, and among York township business men and councillors.

The township has a population of about 68,000, debenture debt of $18,000,000, and a large bank loan. Larger debentureholders are understood to have agreed to refunding present township bond issues, but appointment of supervisors appears to be necessary to arrange this. The Canadian Bank of Commerce, a large creditor, is reported to have been opposed to appointment of supervisors.

Provincial politics are seen in some quarters as likely to result in appointment of supervisors. Other defaulting Ontario municipalities are under supervision, and ill feeling toward the provincial government is anticipated if York township is allowed to arrange its affairs without similar treatment. And with an election expected next year, this would mean trouble for provincial politicians, particularly those connected with municipalities under supervision, it is thought.

Time For Action

"It's about time the business men of York township awoke to the realities of the situation and did something to save their faces," one observer remarked to The Financial Post regarding the delay in taking action. Investors are wondering what large debentureholders are doing to bring action to protect their interests. Meanwhile creditors, business men and councillors of the township are characterized as "drifting" without leadership. The danger of this, according to authorities, is that similar situations in other municipalities may be allowed to drag along in the same manner.

A supervisory board for the township was suggested over a year ago by some creditors, it is understood. It is claimed that if this advice had been followed the present embarrassing situation would not have developed. Refunding could have been arranged, it is said. A desire by the township council to avoid the stigma of supervision and opposition from township bankers are reported to have been barriers to adoption of the plan. Some investors feel that their best interests have not been served by the procrastinations which have occurred.

York township lies immediately north of St. Clair Ave., Toronto, and is so closely connected with the city that it appears to be an integral part of it. A few months ago a proposal to incorporate the township in the city was under consideration. The scheme fell through when the city and township failed to agree on terms of amalgamation.

Bond Redemptions

Bond Issues:	Rate	Due	Redeem.	Price
Northern Electric	*5%	1930	Dec. 1	105

*$190,000 redemption for sinking fund.

Ontario's Deficit Near $2,000,000 Revenue Lower

Ontario's deficit for the year ended October 31 is likely to be about $2,000,000, The Financial Post estimates from information obtained from provincial officials. Queried as to a report that it would be about $1,400,000, one official replied: "I'd like to think it would be that low, but I can't see it."

Estimates of expenditures by departments are "pure guess work," The Financial Post was informed. It will be several weeks before officials themselves will know what departmental expenditures have been. As to revenues, it is understood that they will be nearly up to the budget estimates of $50,333,000, which is well below the 1932 income. The budget anticipated a deficit of $2,952,000.

It is expected that the increases in succession duties imposed a year ago will help bring up total revenue. This will be needed to make up for deficiencies in other departments. Difficulty of forecasting the exact deficit is increased by the possibility that "Liquor Control Board reserves may again be drawn on to bolster revenues.

PROVINCES STUDY DEATH DUTY ACTS

Uniform Legislation for All Provinces May be Result

Strengthening of succession duties legislation by each of the Canadian provinces and a possible uniformity in the provincial succession duty acts is a probable outcome of a meeting of representatives from six of the provinces held recently in Winnipeg. British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick were all represented and it is hoped as a result of this conference that a succession duties act can be drawn that will survive appeals to the Privy Council.

It is reported that three main points will feature the proposed succession duty legislation drawn up by the conference. These points are: 1. A duty will be levied on all property in the province which passes on the death of the owner regardless of where that owner resides. 2. A duty will be levied upon every person in the province to whom passes a beneficial interest in personal property situated outside the province upon the death of a person resident in the province who bequeaths such property. 3. A duty will be levied on any person in the province to whom insurance money is payable under a policy on the life of the person resident in the province where the person receiving the money is an assignee or nominee in the policy.

Ordinary insurance payable to the estate will be classified as property under the act. Also, coming under the head of property are all gifts made five years before the death of the giver and annuities arising by reason of death and dower rights. No change is proposed in existing rates of succession duties since this is purely a matter for each individual province to decide.

The conference is a result of a decision handed down by the Privy Council during the summer which was of great importance in connection with the liability of estates for succession duties. The particular case dealt with the 1922 Succession Duty Act of Alberta which was amended in 1932 but the decision deprived Alberta of $57,754 in succession duties from the estate of the late Issac K. Kerr and it was feared that similar decisions might be rendered in connection with the succession duty acts of other provinces.

"I have always regarded the League of Nations as a germ carrier." — *Ralph D. Bumenfeld, chairman of the board of the London Daily Express.*

Investment Notes

Significant Investors' Index Numbers
1926 — 100

No. of Securities:	Iron and steel 19	Pulp and paper 8	Milling 5	Oils 4	Textiles and clothing 9	Food and allied products 19	Beverages 8	Total industrials 93	Total utilities 19	**Total co's. 118
1929-32:*										
High	383.8	118.2	267.4	416.8	110.1	193.8	201.4	311.0	163.6	235.4
Low	36.8	1.4	34.9	78.3	24.0	66.5	27.3	44.0	30.5	38.6
Monthly Figures, 1933:										
January	49.5	3.3	41.1	93.6	36.8	82.9	34.0	59.6	44.6	50.8
February	44.4	3.6	39.7	86.5	33.6	80.2	31.6	56.3	38.6	46.6
March	44.8	2.3	37.8	86.7	32.2	78.6	36.0	57.3	38.2	46.6
April	48.6	2.7	44.3	98.1	31.2	85.8	37.8	67.5	38.5	52.0
May	65.5	3.8	60.9	122.4	45.7	105.1	63.2	85.8	47.2	64.7
June	83.0	6.4	70.3	141.6	55.2	118.2	106.4	103.6	53.8	76.1
July	98.1	8.4	79.1	156.6	60.0	139.1	164.3	118.3	58.5	85.0
August	91.2	7.6	76.4	147.6	59.1	126.8	152.1	113.3	53.9	80.3
September	84.8	7.3	73.0	150.4	61.6	121.0	159.4	115.1	50.7	80.2
Weekly Figures:										
Oct. 5	71.2	.9	61.8	130.6	47.5	103.6	145.2	96.5	42.0	69.2
Oct. 12	70.6	.8	61.8	126.6	46.9	103.2	148.2	95.2	41.4	68.4
Oct. 19	64.2	.7	60.4	114.4	45.2	97.3	131.0	86.8	39.3	63.3
Oct. 26	64.3	.6	61.2	116.4	44.7	98.2	113,5	86.1	39.1	62.7

*High and low of 1929 and 1932 are based on weekly figures. In 1933 index numbers are given monthly for the first nine months and then weekly. Compiled from figures issued by Dominion Bureau of Statistics. See also Stock Market Indicator on page one.

Foreign Developments Affect Massey

WITH a factory in France and another factory in Germany, Massey-Harris Co. is naturally very keenly interested in international developments in Europe. Investors in securities of the company were hoping that the German factory would prove an excellent base from which Massey-Harris Co. could serve the enormous potential market in Russia. The aggressive policies of the Nazis toward German Communists have alienated Russia, however, and thrown it for the time being, at least, into friendly relations with France. Exchanges of very friendly messages between the Soviet and France have featured recent diplomacy and may mean resumption of trade relations. It is not known whether the French factory of Massey-Harris could export from France to Russia or not. The German factory will serve farmers in the Teutonic belt. The new orders spoken of as likely to come to the United States from the Soviet Republic may help the American factories of Massey-Harris. Much depends on arrangements for financing such trade.

* * *

Lumber Companies Doing Well

THE Canadian lumber industry is now working at a higher capacity than for many years, particularly in British Columbia. Exports from that province in August, at 75,432,004 ft., broke all records, the nearest approach being in 1929 when 73,077,000 ft. were exported in August.

The recent rise in price of Baltic timber, increase in trade with the United Kingdom due to the Ottawa agreements and the big share obtained in the United States former Oriental and South American markets owing to the higher price now required for American timber under the N.R.A. code are given as reasons responsible.

A second order from the Belgian railways for 2,500,000,000 ft. was placed with British Columbia mills recently. The two orders constitute practically the entire annual lumber purchases of the Belgian railways.

* * *

National Grocers

FINANCING by National Grocers Co. is understood to be in immediate prospect and will constitute the first corporate financing of importance in practically a year and a half. Faced with the necessity of retiring an issue of slightly over $1,000,000 of 6½ per cent notes which matured on August 15, 1932, the company secured a bank loan and has been awaiting an opportune time to fund this loan over a longer period.

It is understood that an issue of 6 per cent bonds, due in 1958, to the amount of $1,250,000, will be publicly offered in the near future. A feature of this issue will be that it is fully covered by a sinking fund which will be sufficient to retire the whole issue by maturity. Very few corporation bonds have this coverage. As additional security it is provided that net current assets shall be maintained at a figure considerably in excess of the outstanding bonds. Inventories of the company are regarded as highly liquid since there is a rapid turnover. Price at which the bonds will be offered has not been divulged.

* * *

Great Lakes Paper

A STATEMENT by the National Trust Co. on the result of operations of Great Lakes Paper Co. for the two years in which the company has been in receivership is expected within the next ten days. The report is expected to show that operating costs have been covered by a margin sufficient to enable a good increase in surplus. Current operations of the company are stated to be on a satisfactory basis.

It is expected that the company will follow closely the provisions of the N.R.A. code for manufacturers of newsprint although the company does not come within the code. Another feature of the receiver's report may be a statement as to the possibilities of reorganizing the company in view of legislation passed by the Federal House at the last session.

JOHNSTON STORAGE EARNINGS LOWER

Volume of Business Up — Redeems 114 Shares of Preferred at Discount

Revenue of Johnston National Storage Ltd. declined 6.5 per cent in the year ended July 31, 1933, while operating costs were reduced by 4.9 per cent. Net earnings dropped to $20,408 from $24,431 in the previous year. Preferred dividends were not fully covered after provision was made for increased depreciation reserve and reserve for doubtful accounts. Volume of business handled during the year is stated to have increased both in tonnage and number of transactions, but severe competition has served to reduce rates.

Despite inclusion of discount of $7,409 on preferred shares purchased for capital redemption fund and cash surrender value of life insurance amounting to $2,200, deficit account was increased to $12,331 from $9,117. Deficit account is as follows:

Income and Deficit Account Years Ended July 31

	1933	1932
	$	$
Net earnings	20,408	24,431
Add cash val. life ins.	2,200	3,600
Disc. on pref. shs.*	7,409	......
Total	30,017	28,031
Less: Depreciation	16,105	11,903
Income tax res.	......	400
Bad debts res.	5,000	2,100
Life ins. premium	3,376	3,219
Net profit	5,536	10,408
Less pref. divds.	8,750	10,937
Deficit for year	3,214	529
Add prev. deficit	9,117	8,588
Total deficit	12,331	9,117

*Purchased for capital redemption fund.

Working capital is lower with current assets down $5,348 and current liabilities up $3,238. Chief change is reduction in accounts receivable to $30,992 from $38,840. Cash surrender value of life insurance is up to $5,800 from $2,500. Cash is shown at $163 and supplies on hand and prepaid expenses at $9,914. Accounts payable are up to $33,216 from $28,838. Working capital position is as follows:

Working Capital

	1933	1932
	$	$
Current assets	46,869	52,217
Current liabilities	36,647	33,409
Working capital	10,222	18,808
Ratio	1.28—1	1.56—1

Investment in and advances to affiliated company are up to $18,396 from $15,557. Equipment is valued at $139,957 and land and building at $229,986. Capital redemption fund is up to $19,333 from $7,151,114 shares of preferred stock having been acquired in the past year. There is shown outstanding, 2,500 shares of 7 per cent preferred stock of which the company holds 189 shares, while the 12,506 ordinary shares are carried at $237,925.

Loblaw Sales Increase In September Period

Sales of Loblaw Groceterias Co., were $1,054,926 in the four weeks ended September 23, 2.06 per cent higher than sales in the corresponding period of 1932. This is the first monthly increase in sales over the same period of the previous year to be reported in four years. Net profit reported at $49,945 in September, is $9,931 under net profit in September, 1932, a decrease of 16.59 per cent. There was increase, however, in gross sales and profit over the preceding period ended August 26.

In the first 16 weeks of the current fiscal year, sales have totalled $4,034,118, and net profits, $195,177. In the same period of the 1932-33 fiscal year, the sales totalled $4,144,145 and net profit $235,502. Sales are down 2.65 per cent in the current year as compared with 1932 while profits are down 17.12 per cent.

I. P. GIVES VIEWS ON NEWSPRINT PRICE

Say Arbitrary Price Rise Unwise Under NRA Code

From Our Own Correspondent

MONTREAL. — No arbitrary increase of newsprint prices is contemplated or possible under the N. R. A. newsprint code, according to a circular letter dispatched by International Paper Co. to its customers. In its communication the company says:

"At the invitation of General Johnson the newsprint industry, including representatives of Canadian and European producers, met in Washington. Pending further conferences, the meeting endorsed the recommendations of the N. R. A. Industrial Adviser for the newsprint industry for stabilizing the market at the present base price of $41 per ton with zone differentials. We believe this action is constructive, beneficial to the publishing industry and necessary to avoid utter chaos in the newsprint industry. Any further price cutting could only be temporary, would force the shutting down of additional mills both here and abroad and would lead to further reductions in the already unprofitable prices in other large branches of the United States paper industry.

Sets Forth Position

"The recommendation of the N. R. A. Industrial Adviser for the newsprint industry includes a provision for possible adjustments in prices next year. As misleading reports on this point may have disturbed our customers, we have reviewed the subject fully with Mr. McMillen, the Industrial Adviser for the newsprint industry, and we unhesitatingly assure our customers that no arbitrary increases are contemplated or possible.

"On the contrary, and as is clear from a reading of Mr. McMillen's report as a whole, merely common sense provision is made to permit the proper adjustment of prices by an amount which will not be greater than is warranted by changes in conditions, including manufacturing costs, inflation or revaluation of the dollar, and all factors and conditions in the publishing industry.

"This company is trying to do its part in the recovery programme and we recognize thoroughly that premature or unwarranted price increases are unwise."

General Motors Head Addresses Advertisers

Worth of product, the honesty, reliability and integrity of the seller, and the amount of influence that can be brought to bear on the broadest section of the public by advertising, are the three things of paramount importance in merchandising, according to Richard H. Grant, vice-president in charge of sales, General Motors Corp., Detroit, in an address to the annual meeting of the Toronto Advertising and Sales Club.

Speaking on the theme "Sales Promotion in these Changing Times," Mr. Grant stressed the vital need of advertisers and advertising salesmen keeping in intimate contact with the rapidly changing times. He traced the changes in public thought and attitude which have taken place since the war and urged the need of consumer research and other means by which advertisers could keep attune to the times.

Monthly Bank Clearings

	October, 1932	October, 1933
Halifax	$10,291,510	$ 8,789,411
Saint John	6,915,278	6,363,756
Moncton	2,793,408	2,751,920
Sherbrooke	2,405,336	2,554,039
Quebec	17,428,026	16,132,899
Montreal	350,168,963	378,876,813
Ottawa	17,350,551	17,303,569
Kingston	2,385,960	2,344,390
Peterborough	2,582,991	2,497,879
Toronto	349,130,648	466,610,943
Hamilton	15,440,983	15,761,249
Kitchener	3,881,670	4,088,322
Brantford	3,315,987	3,516,011
London	10,865,609	10,816,018
Chatham	1,705,812	1,824,627
Windsor	8,205,076	8,220,173
Sarnia	1,537,907	1,554,706
Sudbury	1,970,684	2,429,865
Fort William	2,357,562	2,366,736
Winnipeg	220,522,190	235,289,626
Brandon	1,637,829	1,484,375
Regina	21,475,734	19,681,823
Moose Jaw	2,842,787	2,429,580
Saskatoon	7,554,860	6,044,056
Prince Albert	1,228,306	1,210,427
Edmonton	17,460,146	15,169,804
Calgary	28,353,453	23,209,588
Medicine Hat	1,062,294	1,031,701
Lethbridge	1,574,941	1,745,264
New Westminster	1,927,498	1,943,717
Vancouver	53,953,621	60,356,779
Victoria	5,760,430	6,473,106

War on Waste

An "investment" of $44,951,674 in the Pacific Great Eastern Railway is shown in the balance sheet of the province of British Columbia at March 31, 1932, the latest available.

The public accounts of the province show that $95,510 was paid on provincial debentures issued for purposes of the railway in the 1931-32 year. In addition $883,076 was paid out in interest on provincially guaranteed stock of this white elephant. Then there was $325,930 put aside for sinking fund on guaranteed stock. To cap it all an additional $625,000 was "invested" in the railway on capital account. All told, the outlay on British Columbia's C.N.R. was $1,929,516 in the 1931-32 fiscal year. There is no use supposing that sinking fund and capital outlay represents investment on which anything is being earned. From a realist viewpoint, it is all expenditure.

This unprofitable road runs from Squamish, about 40 miles north of Vancouver as the crow flies, to Prince George in the north central section of the province. Whether or not it is sold, the cost to taxpayers will be millions. This colossal waste should serve as an example of project into which provinces should not venture.

Bond Sales

Port Arthur

City of Port Arthur, Ont., has sold $215,275 of 5½ per cent 15-year debentures and part of $51,955 of 30-installment bonds through Cochran, Murray & Co. The city offered $82,219 of debentures locally. Price paid to the city was not reported.

Fort Erie

Town of Fort Erie, Ont., has sold $8,000 of six per cent debentures over the counter at 95.

Little Sisters of the Cross

Little Sisters of the Cross have sold $150,000 of 5½ per cent 15-installment debentures to Société Génerale de Finance and Paul Gonthier for an undisclosed price. Bonds were offered at par yielding 5½ per cent.

SWIFT LUXURIOUS EXPRESS SAILINGS TO EUROPE

Giant Cunarders, speeding from New York, maintain fast, regular sailings to British and French ports. These magnificently appointed liners, with a cuisine praised for 93 years, are the last word in luxury, comfort and convenience. Distinguished passenger lists evidence their prestige.

Cunard first class fares are surprisingly low. On the "Transylvania" and "Caledonia" for instance, they are as little as $266. return. In every class the perfect Cunard standard of service prevails.

Above is the AQUITANIA one of the BIG 3 which includes BERENGARIA MAURETANIA

SAIL CUNARD

217 Bay St. Toronto or local agent

3-C2

THIS MODERN WORLD

The world of business becomes more and more complex; the boy or girl who enters it without training is under a handicap. A systematic Savings Account, growing at compound interest, will assist you in giving your child a favorable start in life.

THE ROYAL BANK OF CANADA

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Fort Erie, Ont.	Oct.	Locally	6%	.....	$8,000	95	.....
Port Arthur, Ont.	Oct.	Offered locally	5½%	15-ser.	82,219	..	.....
Hamilton, Ont.	Sept.	Offered locally	5%	10-ins.	253,521	..	4.75%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Maturity	Amount	Price	Yield
Brookside Dairy, Inc.	Oct.	Ross Bros. & Co.	6%	20-yr.	$90,000	96	.....
Little Sisters of the Cross (Jeanne d'Arc Institute)	Oct.	Generales de Finance and Paul Gonthier	5½%	15-ins.	150,000	100	5½%

NORTH AMERICAN LIFE

ESTABLISHED 1881 — A MUTUAL COMPANY

Assets $47,298,633 Surplus $6,035,328

Head Office — Toronto, Canada

THE FINANCIAL POST

Member Audit Bureau of Circulations
President—JOHN BAYNE MACLEAN
Vice-President—HORACE T. HUNTER
Editor—FLOYD S. CHALMERS
Business Manager—D. M. GOWDY

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

THE FINANCIAL POST HAS THE LARGEST PAID CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

The detailed circulation statement we submit is the sworn finding of the Audit Bureau of Circulations, the recognized independent authority. THE FINANCIAL POST is the only Canadian financial paper submitting its circulation to the A.B.C. inspection.

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TORONTO, NOVEMBER 4, 1933

WORLD SHOULD HEAD OFF CURRENCY WAR

THE action of the United States in extending its bidding for gold to the gold of foreign countries as well as the gold produced by its own mines threatens to precipitate another currency war.

Throughout the early years of the current depression, as different countries abandoned the gold standard, they learned to watch the descent of their currencies in international exchange markets not with alarm but with apparent satisfaction as it gave to their primary producers competitive advantages in world trade. But every such advantage proved temporary and illusory for the countries gaining it since it was countered by new tariffs, new quotas and new exchange dumping regulations in importing countries. The net effect to date of currency depreciation has been to exert a downward pressure upon the general world level of prices.

Undoubtedly the crisis would be greatly prolonged should the action of the United States lead to retaliation by other nations or to attempts on the part of other nations to offset American advantages and to gain new advantages for themselves.

The threat of further disorder and competition in international exchange markets makes it an important matter that the financial section of the World Economic Conference should be reassembled at some early date. Whether any good purpose can be served by reconvening the world statesmen for a discussion on currency matters until it becomes a matter of certainty whether or not France is to remain on gold is, of course, a factor to be considered.

In any event, when the financial section of the World Conference does come together to discuss ways and means of stabilizing exchange levels, its discussion should be preceded by a definite understanding between the three great financial powers, United States, Great Britain, and France. The exchange affairs of all other nations are subsidiary to those of these three great powers. When Washington, London and Paris have agreed upon common principles to govern monetary action, the world will agree, but not before.

LIFE INSURANCE AND INTEREST

LIFE insurance companies in Canada are currently making plans for 1934 and one trend which is general is a lowering of the rate of interest allowed on moneys left on deposit by policyholders. A calculation by The Financial Post puts the amount of such moneys at the $50,000,000 mark which, though small in relation to total savings deposits in Canada, is nevertheless about two-thirds of the total amount on deposit in the savings vaults of the loan and trust companies in Canada.

Leading life companies in Canada have followed the practice of encouraging funds to be left with them on deposit at interest since just prior to the war and until last year the rate of interest that was allowed had never fallen below 5 per cent. Legally they can guarantee policyholders not more than 3½ per cent but until 1929 many companies had paid 5½ per cent and one company had even paid 6 per cent. Last year one important company broke the ice and cut its rate to 4¾ per cent and information given The Financial Post in the past few weeks indicates that at least two leading institutions will dip to the same level for 1934 with the probability that many more will follow suit.

Such a trend is thoroughly in line with what is happening the world over in respect of interest rates and policyholders and those who have money on deposit in this way need have no fears that such a reduction is a reflection of unsoundness as far as individual companies are concerned. As a matter of fact early reduction of this rate may quite possibly be an indication of conservative management on the part of the company in reducing its disbursements well within the limits of current earning power, and thus conserving assets and surplus.

In the past, such dips in interest and earning rates have been only temporary but as far as Canada is concerned a word of warning may not be amiss.

For it seems highly improbable that the next decade or even the next generation will see interest rates as high in Canada as prevailed in this country in the war and post-war decades. For years Canadian life firms were able to maintain interest rates well above those currently earned and paid by American companies. The spread is now definitely narrowing and will probably continue to do so as business and economic activity in the Dominion become more seasoned.

This means that policyholders and prospective buyers of insurance should not be too sanguine of receiving the high returns on their policies which were characteristic of the past 20 years. It means too that many of the smaller companies in the Dominion which have enjoyed the advantage of these exceptionally high rates and have depended on this advantage to maintain themselves in business, may find it necessary to merge with larger and better-established institutions. Such a trend need not necessarily cause policyholders any concern for the equity behind their policy contracts is well protected, but it may mean for the insurance business in Canada, a decade of consolidation such as characterized chartered banking in this country in the twenties.

ROOSEVELT'S CHALLENGE TO CHAMBERLAIN

WHILE the United States strives desperately by monetary means to effect an increase in commodity prices, Great Britain continues its insistence upon output control as the best method of controlling prices.

The recent speech of the Rt. Hon. Neville Chamberlain, Chancellor of the Exchequer, at the bankers' dinner, outlined four definite steps that must be taken toward recovery and monetary manipulation was not one of them.

Mr. Chamberlain emphasized a rise in wholesale prices as the first essential for recovery. But he expressed the view that, in present circumstances and in the case of primary commodities, there is no method so certain and so rapid in its operation as the control of production and the proper allocation of supply to demand.

The second essential to recovery was, in his opinion, the removal or lowering of excessive trade barriers. That he considered these more the product than the cause of the depression was evident from his statement that he did not believe that the multiplication of these barriers is due entirely or even mainly to the growth of the spirit of economic nationalism but rather to forces born of an experience of uncontrolled inflation in certain European countries.

The third essential for recovery was the establishment of an international monetary standard and Mr. Chamberlain was definite in his opinion that there is no standard which can compare to gold.

Fourth essential was the resumption of international lending, which was stopped not because there was no money to lend but because of doubt as to the safety of loans.

The notable improvement in British business that has marked the current year has undoubtedly strengthened the hand of Mr. Chamberlain in pursuing a conservative monetary policy in Great Britain. But there are those in London who feel that the present British prosperity is a flash in the pan and others who believe that France and the United States may dislodge the Treasury and the Bank of England from their rock of conservatism.

In any event, the monetary theoreticians, aided and abetted by a large section of British industry and by pressure from the Dominions, continue their propaganda for a more positive monetary scheme of price raising by Great Britain.

In New York, Sir Robert Horne, former Chancellor of the Exchequer went so far as to declare that if the United States were to adopt the policy of purchasing gold in the foreign market, it might be necessary for Great Britain, from the trading point of view if she was to carry on external business, to do something also. He said, "The ratio between sterling and the dollar must be watched and must not be permitted to get out of proper proportion."

Since Sir Robert spoke, Washington has extended its purchase of gold to include foreign gold as well as newly mined domestic gold. Washington has directly challenged London's monetary policies. There may be interesting sequels.

WASHINGTON SHOULD GIVE A LEAD

RECENTLY a group of American business men representing the United States Chamber of Commerce, came to Canada and held a conference with Canadian business men in an attempt to get the public behind closer trade relations between the United States and Canada. Following their visit it was urged in The Financial Post that they would be doing more good for their cause if they were to exert their pressure upon Washington rather than upon Canada. For it has been the thoroughly inconsistent and wholly nationalistic tariff policy of the United States that has forced Canada almost to give up hope of increasing American trade and to look abroad to the Empire countries in the negotiation of trade treaties. In a recent article in Barron's, Professor James E. Boyle, of Cornell University, who knows Canada well, analyzed the Ottawa agreements. He interprets them to be a victory for the forces of narrow economic nationalism. He emphasizes the bickerings at Ottawa and the rather pointed arguments that have taken place since September, 1932, in the practical working out of the trade agreements. He says it would be a rash person to prophesy that this violent adventure will dissolve and destroy the Empire. He limits his forecast to the statement that the scars at Ottawa will long remain.

We feel that Professor Boyle has underestimated the friendliness within the Empire toward the Ottawa treaty and that he has mistaken the keenness of hard bargaining for unfriendliness and bitterness. Nevertheless his view of the Ottawa agreements, being independent and detached and being that of a rather shrewd observer, is worthy of study. Of particular interest is the fact that Professor Boyle estimates that United States export trade with Canada and England amounting in normal years to over $520,000,000 is to be destroyed by the Ottawa pacts. He states that it is distinctly up to Washington to take the next step. A move must be made by the United States toward economic sanity in international relations. He urges an application of the fundamentally sound views of Secretary of State Hull. Secretary Hull has always declared for lower U. S. tariffs.

STILL A LONG WAY TO GO

IT IS reported by the Canadian Chamber of Commerce that federal and provincial budgets for 1933-34 show estimated reductions in expenditures of $47,969,701.

This is the first short step in the direction of achieving a measure of the reduction in taxation that is urgently required in Canada. As a matter of fact, it does very little more than offset the increases in governmental expenditures previously recorded since 1929.

On the other hand, the estimated national income of Canadians, as shown in The Financial Post Business Year Book, 1933, declined from $6,000,000,000 in 1929 to $3,000,000,000 in 1932.

In the light of this serious decline in the Canadian people's ability to pay taxes, a decline of less than 10 per cent in the year's expenditure, which does not even bring the expenditures of the Dominion government and the provinces below the expenditures of the boom years, is to be regarded as thoroughly inadequate to meet the situation.

INVESTORS LOOTED

HOLDERS of German Government and municipal bonds have more reason than most people to worry about the present high temperature in Europe. Many millions of dollars of these bonds have been sold on this continent and are widely held by Canadian and American investors.

A great many of these loans were virtually forced on German municipalities and institutions by some of the more untrustworthy of American investment banking houses. They had to have securities to offer their clients and they dangled millions of new capital before the politicians and business men of Germany.

Being human and perhaps even astute, the Germans took the money that was offered to them and now it is of little consequence to most of the borrowing institutions there whether they are able to repay the loans or not.

Thus, the savings accounts of Americans and Canadians were looted to make a Roman holiday for German politicians, the German construction industry and Wall Street bankers.

The same thing, of course, happened in connection with South American loans. It has been brought out that the mayor of a South American city got a bonus of $500,000 out of the proceeds of one loan floated in the States.

Crookedness went hand in hand with high finance with this period of easy lending. Investors must not be too sanguine in their hopes of recovering their funds in full.

WHAT? 50 YEARS OLD!

IT MAKES one rub one's eyes to realize that Calgary is so old that one of its newspapers is able to celebrate its fiftieth birthday. On November 4, the Calgary Herald will commemorate its Golden Jubilee. In 1883 when the Herald was founded the first railway train had not penetrated the foothills of the Rocky Mountains but the railway was on its way and the pioneer printer preceded it. The first edition of the Calgary Herald was printed in a tent near the Elbow River.

Today under the management and editorial direction of Colonel J. H. Woods it is one of Canada's really great newspapers. It is one of six published by the Southams.

EDITORIAL NOTES

A Toronto social service preacher urges a tax on incomes to cover social services. What would he call the one we have now?

* * *

Roger Babson says that by 1967 Chicago will be the biggest city in the world. When Babson prophesies that, it makes things looks gloomy for Chicago.

* * *

"Dependence on tips gives workers a sense of insecurity," says A. F. of L. president, William Green. Not so with stock market speculators.

* * *

The Athens lawyer who is representing Samuel Insull says his client is still trusted by the American investors who lost money in his ventures. The New Yorker will probably reproduce this in its "Oh Yeah" department.

POST-scripts

THE companies that manufacture razor blades have not been free from troubles during the depression. The competition from cheap blades imported from Germany, Belgium and other countries has been very keen. All sorts of new and ingenious razors have been introduced upon the market. Many of them highly meritorious products. And now from England comes the news that an experimenter there has discovered that the life of razor blades can be greatly lengthened by keeping them lying north and south by the compass. He has kept a record of the length of the life of the various razor blades he has used. Prior to orientating his razor blades he found that no blade would last him longer than about one month or six weeks. During the past two and a half years, during which he has conducted his experiment, his blades averaged 72 days, one went as high as 166 days.

He credits it to terrestrial magnetism.

SOVIET Russia appears to be going capitalist, judging from a recent advertisement in the New York Analist. At least approval of capitalism goes as far as soliciting funds from American investors. The advertisement reads in part:

U.S.S.R.
7% Gold Bonds
Payable on a Gold Basis
Why They Afford
INCOMPARABLE SAFETY
Our interesting descriptive circular explains these and other advantages of the bonds of the Soviet Government. Send for your copy.

Now that Mr. Litvinoff, Russia's foremost diplomat, is to visit Washington, and attempt to improve relations betwen the two countries, it appears that someone is trying to capitalize on the publicity. The offering of Soviet bonds is made by "Soviet American Securities Corp."

What French and British investors would say of the "incomparable safety" of Russian bonds, issued by a Government directly descended from that which repudiated millions in debts to those countries, can be guessed without unduly straining the mental faculties. At least the American investor should be more approachable.

WHAT is the largest hotel in the world? Sometime ago The Financial Post published a news item announcing the appointment of H. V. Hansen, well-known in Canada, as manager of "the world's largest hotel," the Palmer House in Chicago. One of our readers, John H. Williams, chartered accountant of Calgary, suspected us of having made a mistake. He checked up with an authority and learned that he was correct in his assumption that the Stevens of Chicago is the world's largest hotel.

Apparently, there isn't very much difference in cubical contents betwen the Stevens and the Palmer but the Stevens has 2,786 bedrooms and the Palmer House 2,268 bedrooms.

The next largest hotel to the Stevens in cubical contents is the Waldorf-Astoria in New York and the next largest hotel in number of bedrooms is the St. George Hotel, in Brooklyn, New York, with 2,632 rooms.

We appreciate Mr. Williams' correction but when hotels begin to number their rooms in the thousands the figures get somewhat beyond our comprehension.

Sayings of the Week

"I think it is the business of the banks to obey the law."—*J. P. Morgan.*

"Anything for an unquiet life—that is the modern slogan."—*Ingleby Oddie.*

"The pound sterling rests less upon gold than on character."—*André Siegfried.*

"It is to the eccentric that we owe most of our knowledge."—*Miss Rose Macaulay.*

"We insist upon 'educating' too many people, and heaven knows what for."—*T. S. Eliot.*

"Socialism would be great if it were not for the Socialists."—*George Bernard Shaw.*

"Without liberty, life to a self-respecting man is not worth living."—*Prof. Einstein.*

"The United States does not seek to annex Canada or any parts thereof."—*President Roosevelt.*

"We have always said rather self-government than even good government."—*Mr. Ormsby-Gore.*

"The rights of convicts in our penitentiaries must be recognized."—*W. F. Nickle, K.C., of Kingston, Ont.*

"Today, so far as England is concerned, the crisis is, if not over, at least under control."—*André Siegfried.*

"High taxation always reaches the ordinary articles of consumption."—*Alderman Dr. W. A. Lincoln, Calgary.*

"If betting on horses as 10 to 1 or 20 to 1 is a mug's game, what is it in a sweepstake with a 100,000 to 1 chance?"—*Philip Inman.*

"For a democracy that is individualistic to the last degree the N. R. A. is a most magnificent piece of bureaucratic action."—*Sir Josiah Stamp.*

"Our elders may find our buying power negligible and our political opinions merely amusing but they can depend upon us to provide cannon fodder in case of war."—*Hartley Howe, Harvard student.*

"If once re-armament began in Europe, not only would the dangers of war form a more serious menace but the competition in armaments would impose an intolerable burden of taxation on the people."—*Rt. Hon. Stanley Baldwin.*

"In private intercourse anyone who sticks to his story regardless is set down by his friends as slightly batty. In public life, he passes for a very strong fellow."—*Walter Lippmann, special editorial writer for the New York Herald-Tribune.*

"The superior student has always suffered from the bore of classroom attendance and the inferior student is frequently himself unable to follow the professor's thoughts. It is the classroom as much as any other factor which has tended to a level of mediocrity of achievement for all."—*Louis S. Shores, Nashville librarian.*

Bright Young Philosopher Makes Case for Communism

Strangely Enough, He Finds Same Four Threats to Capitalism That "Capitalist" Economists Have Recognized

It is sometimes remarked that the most logical writing on economic and social matters is being done today by the propagandists for Socialism and Communism. In support of such a statement, the writings of John Strachey could indeed be quoted. Strachey is a son of the St. Löe Strachey, most famous of the editors of the Spectator of London. He is only thirty-two years of age but has achieved an international reputation for sophisticated and scientific analysis of world problems. The most complete, the cleverest of his efforts is "The Coming Struggle for Power" recently published, of which a cheap edition has been brought out by the Ryerson Press, Toronto. "The Coming Struggle for Power" is a unique contribution to current political literature. It is a book to be commended to the reactionary and to the radical alike for its exceedingly able analysis of present day Capitalism. One need not follow Mr. Strachey to the end of the road he travels and to his forecast of the inevitability of Communism as a solution to the world's ills to enjoy and benefit from his book.

Designing Ideal Society

But before one attempts to summarize what Mr. Strachey has to say, one is tempted to ask if there is a reason why the Socialist and the Communist logicians find it so simple to rationalize the world on paper. It is not difficult, of course, for them to analyze the world's present problems. Even those whom they frown upon as Capitalist economists, such as Mr. Keynes, and Sir Arthur Salter, or as capitalist historians, such as Mr. Wells, have seen our difficulties and even ventured to offer remedies.

But these newer men, who would discard all traditional forms and establish a new society, need to deal only with theories. They draw the plans for a perfect world, as an architect or engineer would design a new building or a bridge, and then they present the plans and ask the critic to tell wherein there is anything impractical or unworkable in them. The critic, in the very nature of things, is stumped. The impractical and unworkable features of any such theoretical, ideal plans will only display themselves as the plans are put into effect and as the unpredictable impact of the human element makes itself apparent.

The architect drawing plans for a building or the engineer drawing plans for a bridge is able from his experience to know exactly how thick the brick wall must be to keep out the cold, or what quality of steel is required to permit a span to carry a given load. But the bricks and steel and mortar with which the economic and social architects deal are men and women, their ambitions, their strengths and their weaknesses. Dealing with human nature in the mass is a vastly different thing from dealing with building supplies. There would never have been anything wrong with Feudalism or with its successor, Capitalism, had men themselves been perfect. And there will never be any degree of perfection in Socialism or Communism so long as humanity itself is the core and essence of the problem.

What is Capitalism?

To Mr. Strachey, Capitalism is an economic and social system based upon the concept of the free market. To him it is a social system set up by the middle class and it is indissolubly associated with industrialism. Its successful working out depends upon a high degree of social co-operation between the different productive units and upon the mobilization of thousands of separate human individuals for common work in factories, associating themselves together in order to create huge modern units of production. Capitalism has accomplished these two necessary objectives by the mechanism of price expressed in the law of supply and demand. It turns everything, including human labor, into a commodity to be bought and sold in the market. Thus, there is a labor market as well as a commodity market.

But in Mr. Strachey's opinion, Capitalism today is faced with four great threats and he devotes the major portion of his book to indicating that these fundamental weaknesses which it has developed are incapable of solution without a complete change in our social and economic system.

Strangely enough, the four great difficulties of Capitalism which Mr. Strachey considers insurmountable are the same difficulties which Capitalist economists have seen and, to find a remedy for which, they devote the major portion of their present day literature.

Four Threats to Capitalism

The first marked weakness of present day Capitalism is that there exists a strong tendency to the growth of monopolies of various sorts, not only through mergers, combines, etc., but through the working out of the financial system and through the intervention of the state. Monopoly has extinguished a large share of the competition in private enterprise which is essential to the free market.

The second problem of Capitalism is Nationalism, which has become a dominating factor in the world situation. Economic Nationalism on the preesnt day scale likewise frustrates the aims of a Capitalist economy. It makes gigantic and devastating wars inescapable and it weakens the foundation upon which the free world market flourished in the 19th century heyday of Capitalism.

The third problem of Capitalism is unstable money. Mr. Strachey does not feel that the instability of the price level can be corrected by such devices as commodity dollars, etc., since in his opinion unstable money is the product of the inevitable tendency of Capitalism to produce commercial crises and he does not believe that crises are the product of the movement of prices.

The fourth great weakness of Capitalism, which Mr. Strachey thinks, threatens its existence is the recurrence of crises during which production is seriously interrupted.

A return to the 19th century concept of "the market" is of course the obvious answer to these problems but Mr. Strachey frankly feels that "the market" cannot but be restored. So he says "the epoch of human history and the material conditions which gave it life have passed away down the irreversible stream of time. Only the least historically minded men on earth, only English economists, could dream of its resurrection."

The first half of Mr. Strachey's book analyzing Capitalism is the most interesting. The balance of his book is largely a plea to the working men of Great Britain to take a decisive part in the establishment of world Communism. It is the more theoretical part of Mr. Strachey's book, the important part to him, but it is not the part that makes his volume an interesting contribution to our current scientific literature on economics and politics.

Texts of the Sermons

Because they give the texts of the Communist sermons of the brilliant younger philosophers who know exactly what is wrong with the world and what ought to be done about it, these passages from Strachey's book are interesting:

"That money can buy what it likes, how, when and where it likes, was the essential prerequisite of the capitalist system."

"Capitalism solves the problem of getting large numbers of legally free citizens to work together in factories by turning their ability to work into a commodity."

"The establishment of the labor market requires not only that the workers should be free—that they should not be possessed by any over lord or master—but also that they should neither possess nor have free access to the means of production."

"The uncontrolled play of the market affords a very rough and ready method of adjusting the unco-ordinated activities of the producers to the needs of society. It does so only by periodically bankrupting a certain number of them. Thus, business men in a genuinely competitive industry are kept in the fear of imminent ruin."

"The growth of monopoly is changing the very nature of the modern state."

"It is Nationalism that keeps the world permanently shivering on the bring of another and far greater war."

"Capitalism is coming more and more to mean monopoly at home and ferocious competition abroad."

"The general enrichment which free trade would bring could only be achieved at the cost of a gigantic redistribution of existing wealth."

"Man's situation which, under Capitalism, is now growing worse and not better, has more and not less need of that greatest, dearest and most comfortable of all illusions; the illusion of religion."

"The national planners, far from wishing to restore greater freedom to the market, proposed to further its curtailment."

"Fascism is one of the methods which may be adopted by the Capitalist class when the threat of the working class to the stability and monopoly of capitalism becomes acute."

New Books

"The Bankers' Conspiracy"

Most persistent among the British critics of the Bank of England and most insistent of Britain's monetary reformers is Arthur Kitson. Ever since 1894, Mr. Kitson has been urging the destruction of what he calls the "money power." His engineering and industrial achievements have made him independent as to the means of life and have given him an opportunity for writing, lecturing and generally carrying on an interesting if not somewhat unorthodox campaign against the rule of the gold standard.

One of the most interesting of Mr. Kitson's books was "The Bankers' Conspiracy," a commentary upon the report of the Cunliffe Committee, which was really responsible for the restoration of the gold standard at the old parity in England. Mr. Kitson has now reprinted his book. originally published in 1918, his purpose being to show that all of the gloomy prophecies he made then have come true and that the group who were responsible for the restoration of the gold standard at that time are still in control of British finance.

Preceding the new edition is a biographical note upon the author and the new foreword by Mr. Kitson together with some brief conclusions as to the present situation.

Mr. Kitson's main credo is that the one remedy for the world crisis is an increase of the money supply, not in the banks but in the pockets of the people, enabling them to buy more goods. Possibly he falls into the category of monetary commentators who might be called progressive inflationists.

"The Bankers' Conspiracy," by Arthur Kitson, is published by Elliot Stock, 16 and 17 Paternoster Row, London, E.C. 4, at 2/6.

As Others See Us

Commercial Borrowings

Calgary Herald. — The Financial Post predicts that within the next six months, if not sooner, there will be a further cut in the interest rate to savings depositors, bringing it down to two per cent. If so, the rate on commercial loans of all kinds should surely follow suit.

Beaver Stands for Work

Border Cities Star.—On the front page of this week's The Financial Post, a Conservative publication, there is a cartoon of a Canadian checking over the Red Eagle of Russia, the Blue Eagle of the United States, and the Black Eagle of Fascism. The Canadian decides to stay with the beaver.

That's fine. The beaver means work and the sooner we get started on a campaign of public works the better.

The Real Influence

Border Cities Star. — On another page of The Border Cities Star today we reprint an article from The Financial Post (Toronto) entitled "The Real Influence for a Central Bank."

Every Canadian should read this article. It throws new light on the nation's financial picture. It suggests that international bankers, including the Bank of England, are more responsible than anything or anyone else for Premier Bennett's recently announced devotion to the Central Bank plan.

This is a new angle on the Central Bank idea and one sufficient to cause no little alarm in Canadian circles. Anything savoring of dictation from London does not "sit well" in this country. Canada has developed a splendid banking system, one of the strongest and finest in the world. As we pointed out earlier this week, anything that would endanger or weaken it is to be avoided. This is particularly the case if outside influences are to have a say.

Long ago we protested against the appointment of two Old Country financiers to act on a Canadian banking commission. We argued then that Canadian talent was available and that Canadians were best fitted to deal with Canadian problems. We are now more than ever convinced that Mr. Bennett erred in choosing outsiders for this commission. The Prime Minister shows altogether too great a tendency to draw his inspiration from across the water.

Other People's Views

Disregard Problem of Paying

The Evening Telegram, Toronto.—The essence of the philosophy of those who believe a nation can spend its way to prosperity has been condensed capably by John Maynard Keynes, British economist. A policy that is sound for an individual, he suggests, will not prove sound for a country. A man who abstains, he says, can enrich himself, since he acquires a greater share of the community's wealth, even though he does nothing to increase it, but it does not follow that a community as a whole can enrich itself by abstention.

In fact, in his view, such a policy cannot possibly produce good results, for "no negative behavior, no form of restriction, can conceivably enrich the nation. There is and can be no way of enrichment or of employment except by actually building roads and houses and public utility plants and by re-equipping the railroads, or whatever the appropriate activity may be."

It is an interesting statement and possesses some measure of plausibility. But it leaves one vital question unanswered: How will the governments pay for those roads, houses and public utilities? The initial part of paying can be explained. Governments can secure loans, so long as their credit is good, but they must repay those obligations. So the final test of all such proposals, and the point its advocates never touch, is whether the taxpayers need and can afford the improvements suggested.

A Political Scandal

Hamilton Herald. — The Financial Post this week sums up in concise and convincing fashion the articles that have been appearing in Maclean's Magazine relating the facts of the notorious prosecution of Æmilius Jarvis and the refusal of the last two administrations in Ontario to permit him to have a new trial in view of the new evidence supplied by Andrew Pepall.

Hon. Howard Ferguson, Premier Henry, Col. Price and others of the consenting ministers stand before the world as parties to a rank injustice, refusing to clear an innocent man of charges which they know to be false, which everybody that reads the evidence knows to be false, and they will stand as pusillanimous cowards and traitors to truth and justice as long as they persist in this policy.

Premier Henry admits that "there are political repercussions that we are seeking to avoid." But why should he avoid to do right and justice by an innocent man? Premier Henry and Col. Price may flatter themselves with the semblance of popularity, but they know in their hearts that they have done one of the meanest things that can be recorded on the pages of Ontario history, and it takes mean men to do mean things.

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The Week in Business

A Note of Caution

EMPLOYMENT and construction figures hold the business spotlight as the most important news in the current Canadian picture. Employment figures as at October 1, which have been given due publicity up and down the land show a contra-seasonal rise which comes as the sixth consecutive monthly gain. There is nothing so indicative of industrial activity as the concrete evidence of men actually going back to work and no less a person than Major L. L. Anthes, president of the Canadian Manufacturers' Association, is authority for the statement that the Bureau figures, extended to cover all industries, give reason to suppose that some 275,000 men have been re-employed in Canada in the past six months.

A note of caution may well be sounded, however, when it is noted that the October figures for employment in manufactures (which account for 52 per cent of the total index) show actually a slight decline as compared with the previous month, when allowance is made for seasonal trend. True this was due in part to seasonal reductions in lumber factories and fish-preserving plants, but a glance through the detailed reports of individual industries for the month shows that the plus and minus signs are pretty evenly distributed. Similarly it must be remembered that the most important gain for the month as far as the general index for all industries is concerned, was in the field of highway construction, which is of course public works, and not an expression of confidence on the part of private enterprise, in business recovery.

* * *

Construction Picks Up

HOWEVER to offset this in some measure is the later report of construction contracts awarded in October. These figures are collected by MacLean Building Reports and after averaging something like $40,000,000 to $50,000,000 monthly during the three years 1928 to 1930 inclusive, had shrunk to the record low level of $3,000,000 in each of the months from December, 1932, to March, 1933, inclusive. Improvement since then has been tediously slow but the October total of $15,000,000 is the best since November, 1931, and analysis of chief contracts awarded gives at least some indication that private enterprise is at last getting interested in new plants, plant extensions and so forth.

It seems unfortunate that there has not been more deflation in building costs during this period of abnormal inactivity. The monthly index of construction costs prepared by the Dominion Bureau of Statistics, for instance, and which includes both labor and material costs, is currently about 4 per cent higher than it was this time last year and is only 10 per cent below the average figures for the entire year 1926.

* * *

Our Bacon Pleases U. K.

CANADA has climbed into fourth place in the British market with bacon. During the nine months of the present calendar year the chief supplies came from the following countries: Denmark 4,370,744 cwt. of 112 lb., Netherlands 690,668, Poland 628,784, Canada 328,778, Lithuania 326,597, Sweden 313,425, Irish Free State 125,712, United States 45,834. Canada was in sixth place in the same period of 1932 with 158,692 cwt. and far behind all the leading countries of origin in 1931 with only 17,045 cwt.

Canada's supply in the past nine months was 36,823,136 pounds and the quota arranged at the Imperial Economic Conference in Ottawa last year was 250,000,000 pounds per annum so that if Canada maintains to the end of the year the same rate of supply it will amount to 46,028,920 pounds or in round figures about one-fifth of the quota. The increase in the nine months of 1933 over the same period of 1932 was 107 per cent and over 1931 it was more than 1,800 per cent.

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Business Conditions in Canada

BANK DEBITS UP OVER LAST YEAR BIG GAIN IN WEST

Maritimes is Only Economic Area to Show Decline

LESS THAN AUGUST

Increase 15.3 p.c. in First 9 Mos. of 1933 in Comparison With Same Period of 1932

Volume of bank debits in September continued in excess of comparable 1932 figures although activity was less than that of August and July. The increase over September, 1932, volume was 17 per cent while after adjustment for seasonal variation the decline from August volume was 11.3 per cent. Only the Maritime Provinces continue to show a smaller volume of debits but the recession was only 3 per cent from September, 1932, figures. Quebec showed a gain of 16.2 per cent; Ontario a gain of 9.8 per cent; the Prairie Provinces a gain of 38.8 per cent and British Columbia a gain of 11.6 per cent.

The largest clearing centres in each province reported gains over 1932, the gains generally being greater than the average gain for the province. Thus Montreal had a gain of 17 per cent; Toronto, 15.9 per cent; Winnipeg, 58.2 per cent; Vancouver, 12.5 per cent.

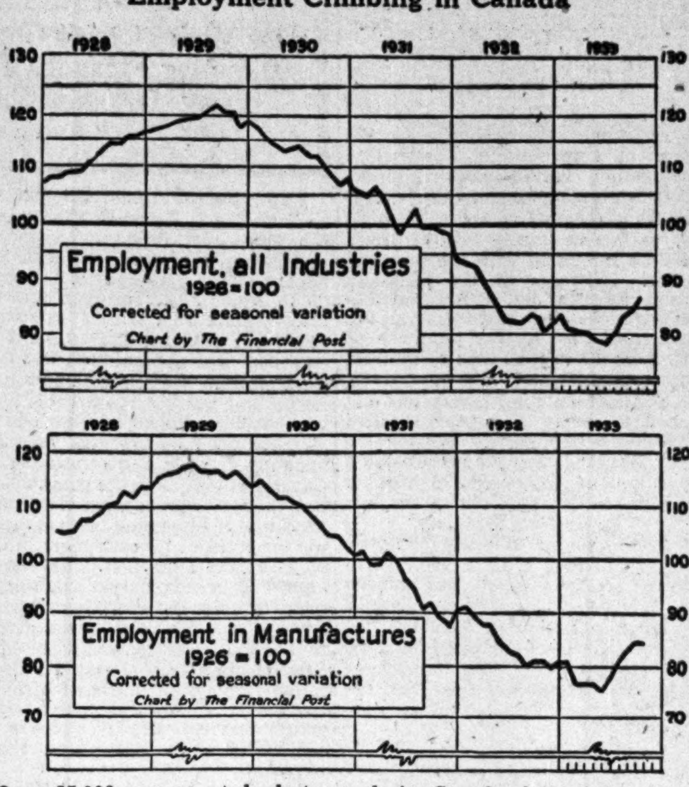
The volume of debits in the first nine months of 1933 is 15.3 per cent greater than the volume in the same period of 1932. Comparing figures for these two periods shows the Maritimes and British Columbia with decreases of 11.3 per cent and 1.9 per cent respectively. Quebec figures for 1933 are 7.8 per cent in excess of those for the first nine months of 1932; Ontario's gain is 12.8 per cent and the gain in the Prairie Provinces is 43.4 per cent. The total of debits in 1933, however, is smaller than in any other year since 1926 with the single exception of 1932.

Other indices of business showed improvement over September, 1932, indices. The index of bank debits was up to 104.2 from 89, a gain of 17.1 per cent. This was only slightly under the gain of 17.8 per cent registered by the index of the physical volume of business which moved up to 90.8 from 77.1 Employment in manufacturing establishments was up 3.2 per cent, from 81.8 to 84.4. Index of wholesale prices was up 3 per cent, from 66.9 to 68.9. Common stocks averaged 24.4 per cent higher but the number of shares traded on the Montreal stock exchange declined by 14.4 per cent.

Bank Debits to Individual Accounts at the Clearing House Centres of Canada, September, 1933, with Comparative Figures for August, 1933 and September, 1932.
(,000 omitted)

Provinces and Clearing House Centres:	Sept., 1933	Aug., 1933	Sept., 1932
Maritimes:	$	$	$
Halifax	21,713	20,742	22,612
Moncton	6,831	5,540	5,585
Saint John	13,462	13,773	15,170
Total—Maritimes	42,006	40,055	43,337
Quebec:			
Montreal	674,850	665,076	576,551
Quebec	44,134	73,796	40,904
Sherbrooke	5,556	5,644	5,816
Total—Quebec	724,540	744,516	623,271
Ontario:			
Brantford	6,583	6,519	6,585
Chatham	5,341	5,132	10,986
Fort William	3,366	4,326	4,437
Hamilton	43,312	38,338	45,359
Kingston	4,420	3,936	5,292
Kitchener	7,252	7,517	7,643
London	22,617	23,008	22,652
Ottawa	80,824	126,153	83,840
Peterborough	3,713	4,211	4,407
Sarnia	9,236	8,408	11,792
Sudbury	3,575	3,610	3,212
Toronto	802,769	793,903	692,713
Windsor	14,243	13,946	18,054
Total—Ontario	1,007,251	1,039,007	916,972
Prairies:			
Brandon	2,290	2,358	3,065
Calgary	47,342	50,482	43,367
Edmonton	27,161	25,854	28,217
Lethbridge	3,647	3,539	3,590
Medicine Hat	2,038	1,881	1,732
Moose Jaw	4,139	4,505	5,105
Prince Albert	1,501	1,515	1,566
Regina	43,018	42,860	41,012
Saskatoon	8,386	9,300	9,982
Winnipeg	418,662	544,940	264,569
Total—Prairies	558,185	687,234	402,205
British Columbia:			
New W'minster	4,199	4,168	4,160
Vancouver	100,275	114,548	89,084
Victoria	20,651	18,985	18,902
Total—B. C.	125,126	137,701	112,146
Total for Canada	2,457,108	2,648,513	2,097,931

Employment Climbing in Canada



Over 35,000 men went back to work in Canada during the month ending October 1 if figures prepared by the Dominion Bureau of Statistics are extended to include all industries in Canada.

The situation has been improving steadily for the past six months and even after seasonal correction (as shown in the above charts) there has been a pronounced upturn since June.

The October 1 figures show improvement in the past month was more pronounced in industry as a whole than was the case in manufacturing, which was adversely affected by seasonal slackness in fish-preserving and lumber factories.

Employment Gains 19 p.c. During Past Six Months

Estimated Gain in Re-employment Totals 275,000 — Highway Construction Shows Most Improvement on Oct. 1

Men are going back to work in Canada.

Each month between 7,000 and 8,000 industrial firms in Canada—that is all firms with 15 or more employees on their payrolls—make returns to the Dominion Bureau at Ottawa. The figures as at October 1 which were published last week show that in the past six months there has been a 19 per cent increase in employment among these firms.

Numerically the increase is about 134,000 or an average of 16 per establishment. Applied to all industrial activity in Canada this is said to mean that since April something like 275,000 have been re-employed in the Dominion. The estimate was made by Major L. L. Anthes, president of the Canadian Manufacturers' Association. This is exclusive of any improvement in agriculture and in commerce and finance—figures for which are not included in the federal survey.

Increase More Than Seasonal

Actually the index numbers of employment as published by the Dominion Bureau have shown increase in each of the past six months. These figures, however, are without allowance for seasonal variation. Since the seasonal ebb and flow of employment in Canada is very great, The Financial Post obtains each month a corrected employment index figure which shows the trend after seasonal adjustment. This figure (as shown on the chart reproduced on this page) has now shown an increase for four consecutive months.

Comparing the situation as at October 1 of this year, it is found that employment on that date is the highest in any corresponding month since 1931. The same is true of employment in mining. Logging activity in October was the best recorded in any October since 1930.

In manufacturing a factional decline was recorded as compared with activity on September 1, due in the main to seasonal curtailment in the fish-preserving and lumber factories but with this exception, factory activity as reported by the Bureau is the best for this time of year that has been seen since 1931. The only occupations to show a decline were communications, transportation and services but most of these were reported as seasonal in character.

Highway Construction Best

The most pronounced increase since Sept. 1 was in highway construction, but there were important gains in logging, mining and trade, while shipping was also brisker. The improvement in mining and trade was more pronounced than on Oct. 1 in any earlier year of the record; that in logging was greater than in 1930, 1931 or 1932.

As on the same date in 1932, firms in the Maritime Provinces and British Columbia showed decreases, but in Quebec, Ontario and the Prairie Provinces the trend was upward, the largest advances taking place in the prairie area.

Progress by Economic Areas

Manufacturing, mainly of lumber products, construction and services reported the bulk of the decrease in the Maritime Provinces as compared with Sept. 1, while there were gains in logging, mining, shipping and trade.

The increase in Quebec was the sixth recently recorded. During the months since April 1, over 42,800 workers have been added to the staffs of the firms furnishing data to the D. B. S., an increase which compared very favorably with that of only some 2,000 recorded in the same period in 1932; the continuously upward movement in the last six months has extended over a longer period than in any other year since 1926. The advance indicated on Oct. 1 over the preceding month took place chiefly in manufacturing, notably of textile products, in logging, shipping, highway construction and retail trade. On the other hand, building and railway construction showed curtailment; within the manufacturing group, pulp and paper factories were decidedly slacker.

Ontario reported 337,258 persons employed, or 5,749 more than in the preceding month. As in Quebec the improvement on Oct. 1 continued the favorable movement in evidence during the last six months, some 42,900 employees having been reinstated by the co-operating establishments since April 1. This expansion is in marked contrast with the decline of over 19,000 workers reported in the payrolls of the firms whose returns were received in the corresponding six months of last year. A smaller gain over the preceding month had been reported on Oct. 1, 1932, and employment was then in less volume. Manufacturing as a whole, particularly of textile and canned products, logging, highway construction and retail trade showed heightened activity, as compared with Sept. 1, while employment decreased in iron and steel plants, transportation, buildings and railway construction and services.

Employment in the Prairie Provinces recorded its sixth successive gain; nearly 25,200 persons have been added to the payrolls of the reporting employers during this period of recovery. The improvement since the beginning of September occurred mainly in highway construction, coal mining, steam railway operation and trade. Manufacturing showed little general change, while hotels and restaurants released employees, owing to the close of the tourist season. An increase had also been recorded at the beginning of October in 1932, but this involved a smaller number of workers and the index was then lower.

The curtailment in British Columbia was mainly in manufacturing as a result of the completion of the fish-canning season, while transportation and services also released employees. On the other hand, logging, mining and trade reported greater activity. Data were tabulated from 816 employers, whose payrolls declined from 72,808 persons on Sept. 1, to 70,125 at the beginning of October. Losses on a much smaller scale were registered on Oct 1, 1932, but the index then was a few points lower.

Leading Cities Reviewed

Summary of reports from leading cities follow:

Montreal—For the seventh consecutive month, there was a large increase in employment in Montreal, where the 1,143 co-operating establishments employed 128,345 persons, or 4,392 more than on Sept. 1. The advances recorded since Mar. 1 have provided work for nearly 17,600 extra persons, contrasting favorably with the decline of over 2,600 employees in the staffs of the firms reporting for the same period in 1932. Manufacturing showed the greatest gain on Oct. 1, as compared with September, but there was also improvement in transportation, construction, services and trade; within the manufacturing group, textile, vegetable food, tobacco and beverage and iron and steel factories indicated considerable expansion. Smaller advances had been noted on the corresponding date of last year, but the index of employment was then fractionally higher.

Quebec City—Activity in Quebec City declined at the beginning of October, 157 workers having been laid off since Sept. 1 by the 156 employers whose returns were compiled, and who had 12,409 on their pay lists on the reporting date. There were seasonal losses in services, and construction and manufactures were also slacker. The index was lower than at the beginning of October, 1932, when a larger decrease had been reported.

Toronto—Further expansion was indicated in Toronto, according to 1,219 firms employing 108,735 persons, compared with 105,746 in their last report. Manufacturing, particularly of textile, electrical apparatus, iron and steel, rubber, lumber and animal food products was much busier, and services and trade also absorbed more workers. Smaller additions to staffs had been reported on Oct. 1 of a year ago, but employment generally was at a rather higher level.

Ottawa—Construction was not so active in Ottawa while manufacturing and transportations showed small gains. The forces of the 157 employers furnishing data aggregated 11,871 workers, or 47 more than on Sept. 1. The index of employment was slightly lower than on the same date in 1932, when a large reduction had been indicated.

Hamilton—A decrease occurred in manufacturing in Hamilton, largely in iron and steel factories, while textiles were more active. The non-manufacturing industries, however, showed on the whole only minor changes. Statements were tabulated from 243 firms with 23,733 employees, compared with 24,443 in the preceding month. The index number at the beginning of October of last year was higher; little general change had then been reported.

Winnipeg—Little general change was shown in Winnipeg on October 1, when 395 firms employed 34,352 workers, practically the same number as in September. Manufacturing and transportation were rather less active, while construction and trade showed improvement. The situation in October last year had also remained practically the same as the month before.

Vancouver — There was a loss in employment in Vancouver, according to 350 employers with 26,712 persons on their payrolls, ocmpared with 27,026 on Sept. 1. Manufacturing reported a decline, and there was a falling-off in transportation; construction showed improvement, and trade was rather brisker. A smaller reduction on the whole had been recorded on Oct. 1, 1932, when the index stood at 88.5, compared with 85.9 this year.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Evidences of an encouraging trend toward business revival are reflected in the volume of manufacturing production and sustained employment by a number of Toronto's new industries, according to the Toronto Industrial Commission. Among Toronto's new industries, established within the past year or so, whose operations point to improvement in business generally, are included the Herbert Hosiery Mills Ltd., which has been operating night and day since April; Frigidaire Corp., which reports that current business, particularly in the field of commercial refrigeration, is surpassing all expectations; the Iron Fireman Mfg. Co., which reports business 20 per cent ahead of that of the same time last year.

Everett & Barron Limited, makers of leather dyes and polishes, reports the biggest season since commencing operations; Arrow Hart & Roseman Ltd., manufacturers of electrical wiring and switch devices, report that operations are on a full-time basis; Philco Products of Canada Ltd., has doubled the number of employees to meet increased production requirements. David Rosenstein Ltd., makers of women's slippers have practically doubled the size of their plant and the number of their employees in view of the growing footwear market.

The Toronto Industrial Commission announces that Canadian Rubber Products Co. of Guelph, Ontario, has leased approximately 13,000 square feet of floor space in Toronto at 347 Sorauren Ave., and will transfer their operations to Toronto. The company manufactures tire patches and reliners and tire repair kits. Organized three years ago, the company has developed a Dominion-wide business. The new premises will be occupied on November 1 and production will start in the new plant by December 1.

Norfolk Planters Ltd., a new industry established in Toronto in the past year for the manufacture of cigarette and pipe tobaccos processed from Ontario grown leaf, has increased the number of employees to 15 and has just leased additional space at 24 Noble Street for warehousing purposes. It is pointed out that while imports of tobaccos from other countries have dropped nearly 50 per cent since 1929, Canadian domestic production, notably that of Ontario, has steadily increased from a total of some 35,000,000 lbs. in 1929 to more than 53,000,000 lbs. in the last year. Ontario's production according to latest figures is now 86 per cent of total Canadian production as compared with 77 per cent in 1929.

Asbestos Corp. Benefits by Advance in Demand

From Our Own Correspondent

MONTREAL.—Improvement has taken place in conditions surrounding Asbestos Corp. of Canada and other producers in the Canadian field. The stimulation of business in the United States through the activities of the N. R. A., together with prospect of higher prices, has brought a good volume of buying into the market. This has reflected itself in increased production and shipments from the Canadian mines.

According to the Dominion Bureau of Statistics production of asbestos for the first seven months of 1933 amounted to 63,163 tons, compared with 62,621 tons for the same period last year. This is the first instance in a long time that the industry has been able to record an increase in production over the preceding year.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1933	1932	Cumulative Jan. 1 to date 1933	1932
Transportation—				
Car loadings (Oct. 21)	51,705	49,875	1,606,813	1,776,303
C. P. R. gross earn. (Oct. 21)	$ 2,718,000	$ 2,774,000	$ 88,442,000	$ 97,755,000
C. N. R. gross earn. (Oct. 21)	$ 3,581,882	$ 3,570,983	$ 113,982,555	$ 125,441,784
	Monthly			
C. P. R. net earn. (Sept.)	$ 3,003,328	$ 3,722,576	$ 9,971,451	$ 10,531,370
C. N. R. net earn. (Sept.)	$ 2,058,858	$ 2,238,945	$ 907,373	$ 2,601,829
Iron and Steel—				
Pig iron, tons (Sept.)	30,738	5,709	133,870	96,219
Steel, tons (Sept.)	38,630	23,139	266,829	257,843
Automobile prod., No. (Sept.)	5,808	2,342	56,689	53,550
Auto Vehicles—				
Passenger, sales, No (Aug.)	3,358	2,646	33,454	33,362
Trucks & buses, sales, No. (August)	552	559	4,055	5,641
Auto. exports, No. (Aug.)	1,754	1,566	12,258	6,225
Construction—				
Building permits (Spt.)	$ 2,032,839	$ 2,449,735	$ 16,125,512	$ 35,026,199
Contracts (October)	$ 15,014,300	$ 8,875,600	$ 78,445,000	$ 118,510,400
Newsprint—				
Production, tons (Sept.)	179,416	150,691	1,448,249	1,455,348
Exports, tons (Sept.)	177,805	169,277	1,318,224	1,387,263
Sugar—				
Imports, raw, lbs. (Sept.)	48,576,000	57,911,500	423,247,900	577,764,500
Melt. & ship., lbs.*	76,857,654	92,239,204	572,578,024	661,401,963
Manufactured, lbs.*	87,616,868	106,613,372	573,374,868	656,614,187
Flour—				
Production, bbls. (Aug.)	1,443,692	1,272,009	8,045,597	8,406,423
Wheat flour exp., bbls. (Sept.)	552,556	385,113	3,609,983	3,534,100
Other Industrial Indices—				
Lumbering: Plank & board exports, mil ft. (Sept.)	112.04	35.45	699.18	534.89
Boots and shoes, pr. (Aug.)	2,237,179	1,708,359	13,035,938	12,217,428
Petroleum, imp., crude gal. (September)	108,097,228	76,913,048	605,947,426	721,880,179
Cotton, imp., raw, lbs. (August)	10,584,000	5,995,000	61,140,000	59,688,000
Rubber, raw, imp. lbs. (Sept.)	5,868,575	6,204,016	28,639,451	38,473,675
Coal, imports, tons (August)	1,294,410	1,198,210	6,464,597	6,643,542
Gasoline sales, gals. (July)	56,490,000	51,551,000	256,473,000	264,609,000
Trade—				
Imports (Sept.)	$ 38,698,416	$ 34,504,129	$ 281,104,940	$ 348,789,473
Exports (Sept.)	$ 57,784,804	$ 42,186,815	$ 359,947,004	$ 348,622,430
Wheat exports, bus. (Sept.)	19,666,351	26,874,237	128,061,430	132,989,365
Labor—				
Employment Index (Sept.)	88.5	86.0	....	....
Electric Power—Output—				
M. Kilowatt hours (Sept.)	1,489,329	1,279,136	12,523,497	11,591,420
Electric Power—Output—				
Failures, No (July)	142	175	1,281	1,412
Failures, Liabilities (July)	$ 2,289,454	$ 2,986,840	$ 21,645,249	$ 24,208,290
Bank debits† (August)	$ 2,648,513	$ 2,115,675	$ 19,371,609	$ 16,828,259
Bond sales (Sept.)	$ 421,279	$ 73,191,947	$ 249,127,454	$ 271,594,753
Insurance sales (Sept.)	$ 25,881,000	$ 25,207,000	$ 261,117,000	$ 306,579,000
Automobile Financing—				
Used cars (August)	$ 901,829	$ 1,161,564	$ 7,726,229	$ 9,846,542
New cars (August)	$ 906,611	$ 1,023,137	$ 7,734,716	$ 10,068,652

*Four weeks period, Sept. 16 to Oct. 7. †(000's omitted). ‡Deficit.

Commodity Prices

	Week ending Oct. 28	Previous week	Same week last yr.
Cattle, cwt.‡	$4.80	$4.75	$4.65
Copper, lb.	.08¼	.07½	.05¼
Cotton, lb.	.0975	.0940	.0620
Rubber, lb.	.0771	.0712	.0359
Sugar, raw, lb.	.0320	.0320	.0304
Silk, lb.	1.60	1.52½	1.67½
Wheat (Man.) bu.*	.62	.64¾	.46⅛
Hides, lb.	.10	.10	.06½
Coffee, lb.	.07¼	.07¼	.08⅝
Weekly Indices			
N. Y. Annalist‡	105.9	103.1	89.5
Fishers'	♦71.6	71.5	†62.0
N. Y. Journal of Comm.■	72.1	70.7	57.1
Crumps (Brit.)*	63.8	63.7	†62.4
Canada (D.B.S.)▲	82.3	85.4	....
U. S. Labor*	71.1	71.3	64.4

†Average, 1932. ♦Oct. 28.
*Week to Oct. 28. §Oct. 26.
‡Week to Oct. 24. *Oct. 30.
▲Oct. 21. ■Oct. 28.
*Oct. 14.

Monthly Indices

	Latest w'sale	Prev. month	Same month last year
Canada (D.B.S.) (September)	68.9	69.4	65.9
Retail (Sept.)	78.2	78.6	81.4
U. S. Labor (Aug.)	69.5	68.9	65.2
Gt. Brit. (August)	69.2	69.0	67.1

‡Basis of price quotations is as follows: cattle — steers, good, over 1,050 lbs., top price. Toronto: copper — electrolytic, New York; silk — Japanese, 13-15, New York; sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis: hides—heavy native steers: coffee—Rio, No. 7, spot, New York.

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wish to announce the formation of a company organized to engineer, sell and service Diesel Engines, accessories and Diesel driven vehicles for transportation purposes of all kinds.
Special consideration will be given to the application of light weight, high speed compression ignition engines for road purposes and complete facilities for servicing such equipment.
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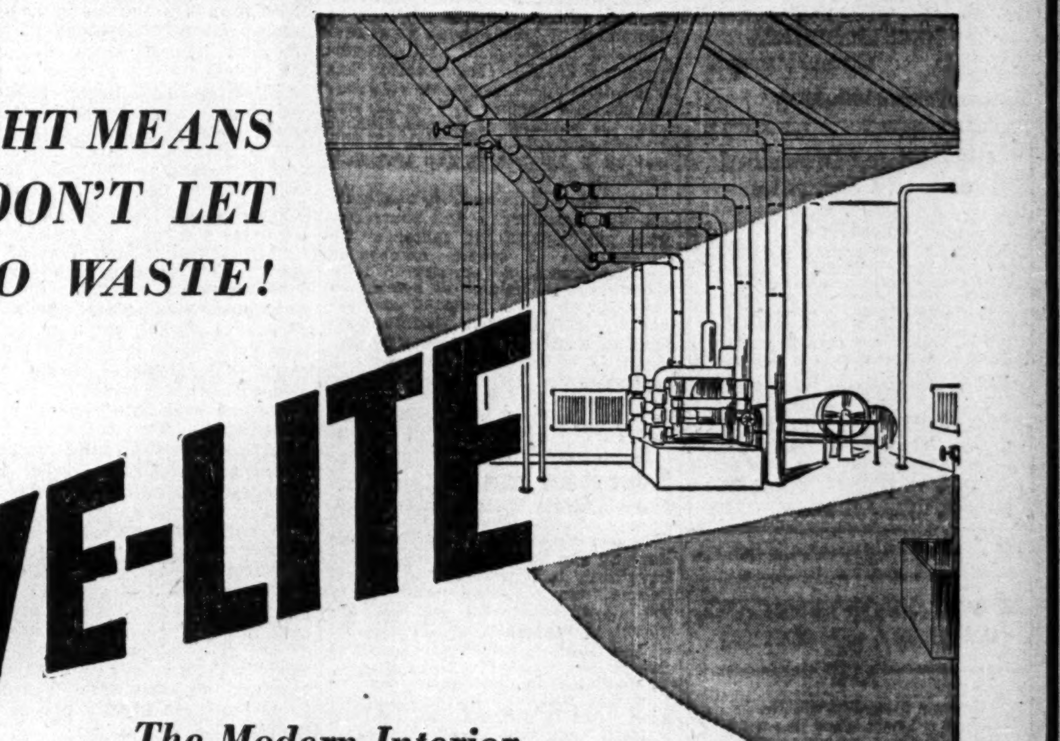

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The Modern Interior White Wall Enamel
IMPROVES APPEARANCE and LIGHTING CONDITIONS FROM 40 TO 70%!
An appearance of spotless cleanliness is only one of the advantages of painting with SAVE-LITE. The improvement in lighting conditions will add anything from ½ to ¾ hours extra daylight to the working day, cutting down your lighting bills accordingly. Moreover, better lighting promotes increased efficiency on the part of your workers and reduces the possibility of accidents.
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The remarkable hiding power of SAVE-LITE, combined with unusual spreading capacity, means a valuable saving in cost of material. It can be brushed or sprayed on, and dries to re-coat in 24 hours.
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SAVE-LITE FUME RESISTING WHITE
This finish has been developed to meet the special conditions encountered in Pulp and Paper Mills, Laundries, Dye and Starching Rooms in Textile Mills, etc. It is impervious to the fumes of sulphur, chloride, ammonia and tobacco.
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BE QUOTED correctly! At every gathering where it is desirable to record accurately all that has been said, let Stenotype Service take the responsibility. Mechanical shorthand is employed to ensure speedy, trustworthy verbatim reports. Conventions, club gatherings, boards of directors, political associations, etc., etc., can employ this service at all meetings with assurance of satisfaction. Fees are moderate. For further information write The Stenotype Reporting Bureau, 481 University Ave., Toronto.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 187

Notice is hereby given that a dividend of Two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1933, and that the same will be payable at the Bank and its Branches on and after Friday, 1st December next, to shareholders of record at the close of business on the 31st October, 1933. The Transfer Books will not be closed.

By Order of the Board,
S. H. LOGAN,
General Manager.
Toronto, 20th October, 1933.

Belding-Corticelli Limited

DIVIDEND No. 76

Notice is hereby given that on the Preference Stock of this Company, the Directors have declared a Quarterly Dividend of 1¾%, payable on the 15th day of December to Shareholders of record at the close of business the 30th day of November, 1933.

By Order of the Board,
D. F. POLLOCK,
Secretary.

The Consumers' Gas Company of Toronto

NOTICE of ANNUAL MEETING

The **ANNUAL GENERAL MEETING OF THE SHAREHOLDERS** of The Consumers' Gas Company of Toronto, to receive the report of the Directors, for the Election of Directors for the ensuing year and for the transaction of such other business as may properly be transacted at the meeting, will be held in the Company's Auditorium, 55 Adelaide Street East, Toronto, on **MONDAY, the 13th DAY OF NOVEMBER, 1933, at 12 o'clock noon.**

By Order of the Board,
ARTHUR HEWITT,
General Manager.
Toronto, October 10th, 1933.

Consolidated Diversified Standard Securities LIMITED

Dividend No. 3

NOTICE is hereby given that a dividend of 25c per share on the outstanding fully paid non-cumulative redeemable First Preference shares has been declared, payable December 15, 1933, to shareholders of record November 15, 1933. Transfer books will be closed from November 15 to December 15, 1933, inclusive.

By Order of the Board,
A. G. TIERNEY, Sec.

P.S.—Dividends accruing on fully paid shares not as yet registered in the company's stock records shall be set aside and paid only when registration shall have been completed.

Montreal, October 24, 1933.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Common Stock Dividend No. 17

Notice is hereby given that a Dividend of 15 Cents per share, being at the rate of 60 Cents per share per annum, has been declared on the no par value Common Stock of McColl-Frontenac Oil Company, Limited, for the Quarter ending November 15, 1933, payable December 15, 1933, to shareholders of record at the close of business on November 15, 1933.

By Order of the Board,
FRED HUNT,
Secretary.
Oct. 26, 1933.

Canadian Hydro-Electric Corporation Limited

Notice of Dividend on 6% Cumulative First Preferred Stock

Ottawa, Canada,
October 26, 1933.

The Board of Directors has declared a quarterly dividend of 1½% ($1.50 a share) on the shares of 6% Cumulative First Preferred Stock of the Corporation payable in cash December 1st, 1933, to holders of record of such stock at the close of business November 1st, 1933.

Cheques will be mailed. Stock transfer books will not close.

J. R. BINKS,
Secretary.

Champlain Oil Products Limited

Preference Share Dividend No. 1

NOTICE is hereby given that Preference Share Dividend No. 1 of Fifteen Cents ($0.15) per share, being at the rate of Sixty Cents ($0.60) per share per annum, has been declared with respect to the outstanding Preference Shares without nominal or par value of the Capital Stock of Champlain Oil Products Limited, for the quarter ending on the 31st day of October, 1933, to be paid on the 15th day of November, 1933, to Shareholders of record at the close of business on the said 31st day of October, 1933.

GIVEN at Montreal this 28th day of October, 1933.

JOHN E. L. DUQUET,
Secretary.

"There has been no time in the history of Canada when the need has been so great for the Senate than now."—*Senator E. Michener, of Regina.*

Can. Vinegars Loses President, Successor Soon

Death of William Daily Wilson, president of Canada Vinegars Ltd., in his 74th year, removes another leader in Canadian business. Long connected with the vinegar industry, Mr. Wilson had not played an active part in the management of his company for some time and it is understood that operations will be continued as in the past.

Mr. Wilson was associated with his father in the vinegar business prior to 1898 when the firm of Wilson, Lytle, Badgerow Co. was formed as a consolidation of six vinegar companies. He took an active part in the progress made by this company which resulted in the acquisition of six more producers in 1925 when the name of the company was changed to Canada Vinegars Ltd. In March, 1928, three more companies were acquired which are now operated by Western Vinegars Ltd., a subsidiary, and in that year the company was publicly financed.

Mr. Wilson was of a retiring disposition and largely confined his business activities to Canada Vinegars Ltd. He was an enthusiastic sailor and a member of the Royal Canadian Yacht Club. Directors of Canada Vinegars Ltd., have not yet met to elect his successor.

Staveley Bondholders to Receive Some Interest

Distribution of interest due February 15, 1932, will be made to holders of the 6½ per cent first mortgage bonds of Staveley Apartments, Toronto. In making this announcement the London & Western Trust Co., which is acting as receiver and manager for the property, reports that while very drastic reduction in rental charges have been made for the different apartments it has been difficult to maintain any reasonable percentage of occupancy.

A statement of revenues and expenditures from October 31, 1931, to September 30, 1933, shows total revenues at $23,060, and total expenditures of $15,576. The receiver has made, in addition, payments on interest coupons number 6, 7 and 8, and with the payment of coupon number 9 disbursements will total $21,407, leaving a balance in the receiver's hands of $1,653.

Payment will be made to bondholders on November 1 and thereafter upon presentation and surrender for cancellation of coupon number 9, which matured on February 15, 1932. In the case of holders of bonds, the principal of which matured on August 15, 1931, or prior thereto, payment of interest will be made on presentation of the bonds themselves in order that the fact of payment of the February 15, 1932, installment can be endorsed thereon after which the bonds will be returned.

Report on Banking Will be Issued Soon

Report of the Royal Commission on Banking and Currency is reported to have been dealt with by the Federal Cabinet and has been presented to the Governor-General for his approval. Distribution and publication of the report is expected in the near future.

Completed in September, the report was withheld from publication until Premier Bennett completed his western tour and could discuss it with his Cabinet.

Massey-Harris Will Sell Blackstone Implements

Massey-Harris Co. has completed arrangements with Blackstone & Co., Stamford, Eng., whereby products of the latter company will be sold through the Massey-Harris Co. sales organization in the United Kingdom. Blackstone & Co. has been in business for nearly 100 years and manufactures oil engines and haymaking machinery as well as other agricultural implements.

Massey-Harris Co. will handle the sale and distribution of Blackstone special haymaking machinery, potato diggers, and food preparing machinery. The arrangement does not constitute a merger of the companies.

Excursions Are Popular

From Our Own Correspondent

REGINA.—Railway excursions are drawing considerable business in Saskatchewan. On the C. N. R. main line from Winnipeg on Oct. 28, 700 persons from as far east as Kipling journeyed to Regina on a special fare. At Vibank 118 persons boarded the train. As there were insufficient tickets the conductor used hat checks which were exchanged in Regina for proper fares. On a $3 rate to Saskatoon the night previous 175 persons left Regina.

DIVIDEND NOTICES

Loblaw Groceterias Co. Limited

Notice is hereby given that quarterly dividends of 20 cents per share on the Class "A" shares and 20 cents per share on the Class "B" shares of the Company have been declared for the quarter ending November 30th, 1933, payable on the first day of December, 1933, to shareholders of record at the close of business on the 11th day of November, 1933. The transfer books will not be closed.

By order of the Board.
D. URQUHART,
Secretary.
Toronto, October 24, 1933.

WEST. CANADA WILL RECOVER AS WORLD DOES

Hudson's Bay Co. Governor Says Depression Differs from Others

NOT WEST'S FAULT

Individual Adjustments Made But Governments and Municipalities Far from Recognizing Realities

"This depression in Western Canada differs from all others in the history of the West in that its ending is largely out of the hands of the people themselves," said Patrick Ashley Cooper, Governor of Hudson's Bay Co. to a Financial Post representative who interviewed him as he passed through Toronto recently on the completion of his extensive annual tour of the company's many stores and trading posts in Western Canada. Few Canadians are as well qualified to answer questions about Western Canada, its problems and prospects, as this Englishman who has been going to the West every year for 20 years on important financial missions and for the last three years as Governor of Hudson's Bay Co., which has itself in London the most complete and unique mines of information extant on Western Canada.

All Must Recover Together

"In other periods of depression," continued the governor when pressed for further elucidation of his statement, "the people of Western Canada were active agents in bringing about better times for themselves. On those occasions, too, they had a considerable part in bringing about the depressions. But they went into this depression with the rest of the world due to causes which were world-wide and not because of any special faults of their own which they did not share with the peoples of other lands. Therefore they must wait for the recovery of the world at large before they can come out of their present troubles in full measure.

"The people of Western Canada are by no means discouraged. Their spirit is most admirable in the face of adverse conditions and in fact, it might almost be said that the tendency is rather to underestimate their difficulties than otherwise. In previous depressions they maintained an extraordinary degree of hopefulness and bent to the job of restoring good times with all their might. The depression was often accentuated in the past by the high degree of optimism which preceded it, and which led them to expenditures beyond what was wise but when the depressions did come they pulled themselves out in a large measure through their own efforts.

Borrowed Too Much

"As the depression now existing was brought about largely by the action of outside forces, the ending of it does not lie entirely in Western hands. Over-development all over the world was one of the chief reasons for the world depression and in Western Canada they were dragged down to a great extent by these world conditions and partly, of course, by their own extensive expenditures and commitments made in the prosperity period. Before the depression came they had borrowed too much and spent too much.

"If you realize that many of the debts and expenditures of individual westerners and municipalities were made when wheat was at $1 or over a bushel, you can realize how difficult it is for the people there to pull themselves by their own efforts alone out of the morass and come back into general prosperity again. They cannot do it as long as wheat sells down at somewhere around 50c. a bushel and, of course, it needs an active world demand to restore the old prices.

"What Westerners can do—so far as individual and company effort is concerned—has been, and is being done. On a large scale there has been a readjustment to present conditions which is most encouraging. The one great exception so far is in the accounts of municipalities and governments. Expenditures too often greatly exceed tax collections.

No Big Improvement

"I do not mean that farmers are able to pay their debts on a large scale as yet. The company, as the largest seller of farm lands in Western Canada, has to keep in touch with individual situations all over the West and we find that the percentage of due payments made from time to time rises as hopefulness does.

"On the whole, one cannot expect the Prairie Provinces to do better this winter than last, if as well. If one multiplies the size of the crop this year by the price—even though that price be greater than last fall—he can get a rough and ready idea of the situation. Local pictures will differ from district to district. In some areas crops will be better and prices higher and it will have an excellent effect upon the stores and other enterprises in the neighborhood. Elsewhere the stores, no matter how well managed, find it difficult to make a profit. The customers must have more money before they can spend enough to make business in such localities profitable.

"Our British Columbia stores will benefit materially from the record activity of the lumber mills now reported and the prevailing optimism with regard to the active prospecting for gold. There is a more hopeful spirit generally there as to business prospects because of these conditions."

A statement on conditions in Western Canada by the governor of the Hudson's Bay Company after a visit to the posts and stores is of unique value.

This company practically governed the lands West of the Great Lakes before there was a Canada, before that territory had a settler and it has seen all the changes which have gradually brought about Western Canada as it is today. It has not only seen every change but it participates in every part of western life. It maintains its first stations in the wilds, but it had lands to sell to the first settlers and it has participated largely ever since in the settlement of immigrants on land. As urban settlements developed it established big stores and it now has big stores in every important settlement through the West. It knows the problems of country and city and though under the present governor three years ago administration wisely was placed in Canada for obvious reasons, policy and financial considerations are still determined from London.

Losses Growing Less

The annual visit of the governor and his intimate studies of every situation right on the spot is an important thing to the company and to each district in which it operates. Those visits, the Canadian administration, and the changes in policy following on the long visits of the governor, have had their effect. During the depression the large losses experienced have been growing less and last year had dropped to $331,622, practically one-fourth of what it had been two years earlier.

The actual loss on trading in 1932 was brought down to $52,205. An attempt by a representative of The Financial Post to induce the governor to state how the business is running in 1933 proved abortive as the governor holds the view that information of that kind should go first to shareholders. In annual meetings he has been most explicit and frank. A recent advertisement of the Edmonton store of the company stated that there had been 122,916 more transactions to October 27, 1933, than in the similar period of 1932.

Company Not Daunted

It was a great task the governor was given some three years ago to complete the restoration of a great company which had suffered severe losses in the first year of the depression. In April last he said:

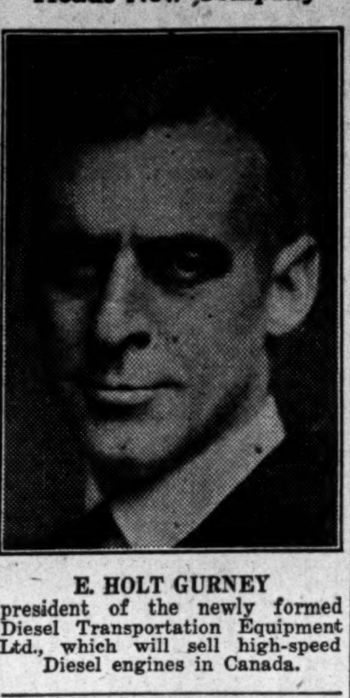
"We are not daunted by the economic condition of the world today, although we believe that 1933 will be more difficult for us than 1932. Our confidence is based on the knowledge that we now have, from one end of the country to the other, a staff full of fight and, as every day passes, better equipped for the tasks ahead."

Those were the closing words of the governor but earlier still he had pointed out that the fortunes of the company were linked in the closest way to those of Canada, especially Western Canada.

He said, "I can imagine a prosperous Canada and an unprosperous Hudson's Bay Company but I cannot imagine a prosperous Hudson's Bay Company and an unprosperous Canada. The welfare of Canada and its people means everything to this company.

"We are one of the largest concerns and one of the largest tax payers in western Canada and, therefore, any unwise legislation or onerous taxation must hit us directly—but much graver would be the indirect effect if either of these should hit severely the people who are our customers in the stores or farmers on our land."

Heads New Company



E. HOLT GURNEY
president of the newly formed Diesel Transportation Equipment Ltd., which will sell high-speed Diesel engines in Canada.

HURRICANE COSTS PORTO RICO POWER $147,780 IN 1932

Transmission Line Loss Cuts Into Earnings Last Year

From Our Own Correspondent

MONTREAL.—Hurricane damage to the transmission lines of Porto Rico Power Co., subsidiary of International Power Co., toward the end of September, caused the company a loss of $147,780, according to the annual report for 1932, which shows a net gain in operating profits, but a decline in surplus compared with the previous year.

Damage caused by the hurricane was charged directly to operations so that the income account was sharply influenced by this item. There was sufficient income, however, to take care of the regular dividends on the preferred and all but $6,087 to cover the full dividend on the common shares.

Small Deficit Recorded

Particulars of the income in the past two years follow:

	1931 $	1932 $
Net profits	683,548	694,872
Less:		
Hurricane loss	......	147,780
Interest—debt	200,885	197,746
Other interest	51,911	43,434
Net income	430,752	303,912
Less: Pfd. divds.	70,000	70,000
Com. divds.	240,000	240,000
Balance	120,752	*6,088
Brought forward	690,954	811,707
Carried forward	811,707	805,619

*Debit.

Reduce Funded Debt

The consolidated balance sheet at the end of last year reveals a drop in assets during the year from $12,762,670 to $12,677,431. Capital stock is unchanged. The first mortgage funded debt has been reduced from $1,842,500 to $1,670,500. The issued refunding mortgages and debentures are the same as reported at the close of 1931.

Changes among assets are unimportant.

Working capital position continues unfavorable, with current liabilities exceeding current assets by about $435,000 as against $437,000 at the close of the previous year.

INTER. POWER CO. EARNINGS LOWER DURING PAST YEAR

Underlying Debt is Reduced But Current Charges Grow

From Our Own Correspondent

MONTREAL.—Consolidated report of International Power Co., controlling various power properties in Newfoundland, Central and South America, shows a drop in gross income during 1932 of $264,202 as compared with the previous year. Earnings of the company were affected by substantial exchange loss on remittances and the premium paid on the purchase of U. S. funds to take care of interest payments.

The loss on remittances and exchange during the year totalled $200,000. In order to provide for any further losses the management has set up in reserve a further amount of $100,000 out of surplus.

Defer Note Maturity

The issue of $900,000 one-year notes due June 1, 1933, referred to in the previous report, was reduced by $100,000 during the year, and a further reduction of $100,000 has been made since the beginning of the current year. The balance of $700,000 outstanding has been renewed for one year to mature June 1, 1934.

Since the beginning of 1933 consolidated operating earnings are reported by the management to have shown an improvement over last year. It is anticipated that this year a further sum of $700,000 will be applied in reduction of current floating indebtedness.

Dividends Are Unlikely

Little prospect is held out for a resumption of dividends, I. W. Killam, president, in his report, saying that as existing monetary conditions still make it impossible to market securities on a reasonable basis, consideration cannot be given to a resumption of dividends.

Details of the income account for 1931 and 1932 follow:

	1931 $	1932 $
Gross earnings	4,682,241	4,418,039
Less expenses	2,352,328	2,420,609
Net earnings	2,329,913	1,997,430
Less: Int. Cont. Cos.	502,119	509,964
Divds. Cont. Cos.	101,878	100,452
Deprec. res.	456,279	455,809
Other res.	43,000	37,000
Min. Int. surp.	12,726	3,104
Net income	1,213,911	891,101
Less: I. P. expenses	127,058	238,238
Balance	1,086.853	652,863
Less: Debent. int.	319,636	359,098
Pfd. divds.	420,000	......
Surplus	347,217	293,765
Br't. forward	735,600	881,315
Less: Adjustments	1,502	30,915
Sec. disc.	100,000	50,000
Res. for exch.	100,000	100,000
Carried forward	881,315	994,165

Consolidated balance sheet of International Power at December 31, 1932, shows assets to the value of $38,404,036, or about $150,000 less than at the end of the previous year.

Reduce Floating Debt

The funded debt account shows two new items—$59,500 of 7 per cent collateral trust notes due December 1, 1934, and $800,000 of 6 per cent collateral notes due June 1, 1933. The latter, as already pointed out, have been reduced to $700,000 and maturity extended for another year. The underlying funded debt of subsidiaries has been reduced during the year from $7,931,223 to $7,709,123.

Bank loans still constitute a heavy obligation of the company, amounting to $4,199,951 at the end of 1932 compared with $4,305,251 at the close of 1931. Bills payable, on the other hand, have been reduced from $1,211,641 to $217,161. In all current liabilities have been reduced by about $1,000,000 during the year.

A minor change has taken place in the outstanding underlying stocks of controlled companies, while those of the parent concern are unchanged.

Advances Show Increase

Principal of the changes among capital assets is an increase in investments and advances to controlled companies at cost from $2,744,622 to $2,890,327.

Current assets are lower, largely owing to the setting up of additional reserves against possible exchange losses.

Deferred charges and discount on securities have been reduced from $663,236 to $634,810.

DEMERARA CO. REPORTS GAIN EARNING POWER

International Power Unit Experiences Loss on Exchange

From Our Own Correspondent

MONTREAL.—Demerara Electric Co., subsidiary of International Power Co., reports an improvement in net operating income during 1932, though the financial position of the company does not appear to have undergone any marked betterment.

Current liabilities continue well in excess of current assets, while the first mortgage bonds (bought in by the parent company) are long past maturity. Gross income last year, on the other hand, was well maintained. Lower operating expenses increased the amount available for fixed charges, but increased loss on exchange cut into the surplus.

Add to Surplus

Details of the income account for the past two years follow:

	1931 $	1932 $
Gross earnings	231,412	230,020
Less expenses	127,116	113,819
Net earnings	104,296	116,201
Less: Bond interest	25,000	25,000
Other interest	53,880	50,398
Retire. reserve	17,000	10,000
Loss on exch.	8,041	23,748
Balance	375	7,055
Brought forward	437,070	*438,943
Carried forward	437,445	445,998

*Adjusted.

Bank Loans Lower

At the end of last year Demerara Electric had assets totalling in value $1,966,230, or practically the same figure as reported at the close of the previous year. Little change has taken place in the property account, which stands on the books at $1,847,295. Deferred charges remain much the same, while current assets total $96,415 compared with $87,664 a year ago.

Bank loans have been reduced from $561,349 to $545,503. The total of current liabilities is $571,697, or about $476,000 more than current assets. At the end of the previous year current liabilities exceeded current assets by $496,088, so there has been an improvement of about $20,000 during the year.

T. Eaton Co. Appoints Vaughan Vice-President

Has Made Notable Contributions to Forming and Directing Financial Policy of Great Merchandising Organization — Views on Five-Day Week and Saturday Half-Holiday

Two hundred important executives of The T. Eaton Co., including the President, directors, supervisors, group managers and heads of departments, gathered on October 26 to honor J. J. Vaughan and to congratulate him in his appointment as a vice-president of the company. The appointment was not a surprise to the friends and associates, who gathered to present him with an illuminated address and a suitable gift, nor to key men in banking, finance and commerce in Canada as well as in the great overseas markets abroad where the company makes huge purchases to meet the demands of its customers in all parts of the Dominion. They have known for a long time of the thirty years of quiet but unfailing and increasingly valuable services given to The T. Eaton Co., and they consider the new title simply a recognition from the highest official sources within the company of the actual services already given and continuing on a wider scale than ever.

Important executives of The T. Eaton Co. told a representative of The Financial Post, who was trying to assess the meaning and scope of the new appointment, that there is no man in the company who so thoroughly knows and understands the wide-flung activities of The T. Eaton Co. in Canada and elsewhere as Mr. Vaughan apart from the President and Col. Harry McGee, whose long services to the company were recently so signally honored. These men, who know the inside administrative story of the company, state that in the realm of finance especially, which has been Mr. Vaughan's especial field, he has been a tower of strength to the company.

More than The T. Eaton Co. have found in the last five years the value to a large organization of having a financial man with clear vision, cool intellect, a flair for cannily sizing up situations and tried deliberative judgment. Insiders, and important outsiders in a position to judge, have many times in recent years told The Financial Post that Mr. Vaughan is such a man and his recent appointment indicates that The T. Eaton Co. has not only utilized his services to the full in the past but knows how to appreciate and honor such qualities.

Praised by Associates

J. J. Vaughan associated himself with The T. Eaton Co. in 1903. He was made secretary of the company in 1907 and appointed to the board of directors in 1917. One year later he was appointed treasurer and for the last fifteen years therefore he has been in a position to study in an intensive manner all the vicissitudes of prices, sales, profits and methods during the post-war boom, the sharp depression afterwards, the period of slow recovery, the boom in stocks and commodities and the severe decline in business now four years old. On his services during this period his associates on October 26 rendered the following verdict and embodied it in the illuminated address:

"Your selection for this high office (the vice-presidency) has impressed us all by its rightness and good judgment, because we know of the great responsibilities you have carried for so long, through good times and bad, and with what courage and rectitude and quiet strength you have pursued your course. . . . .

"It has been the general feeling that in the realm of finance, which has been for so many years your especial field, the company had high grounds for congratulation that such vitally important concerns were in hands so strong and capable as yours, and fostered by a judgment so sound and deliberate. During your thirty years of service with the company, (more than sixteen of them as a director), you have earned the respect and esteem of all, by your consistency of character, unfailing courtesy, and helpful advice. You have been of great assistance to many of us in the solving of business problems, and, because of the amiability of your attitude toward us, our association has been one of the greatest happiness, for even when you do not agree with us, your disagreement is always tempered by courtesy and tolerance, and leaves us as friendly as before.

Though finance has been his particular realm, heads of departments state that Mr. Vaughan has studied as well every problem and activity of the company from the standpoint of service and merchandising. His interests have been wider than the company. In his teens and twenties he was an athlete and still shows a keen interest in sports. Old associates on the ice still remember his proficiency as a player of hockey, rugby and lacrosse, and as one who took part in many important canoe races. In his time he has taken an active part in nearly every Canadian sport. He was for years an enthusiatic yachtsman and he rode to hounds regularly for some years.

Present-day associates have reason to respect his game of golf and that is his chief athletic recreation at present.

Company Success Aids Employees

The T. Eaton Co. found it necessary as the depression grew more intense to drop the Saturday half-holiday which in a more active business period it granted its employees. Recently a representative of The Financial Post asked him if it were the intention of The T. Eaton Co. to restore that half-holiday when the depression is definitely a thing of the past. His reply indicated both social sympathy and a clear understanding of the hard facts that must govern companies in their desire to benefit employees:

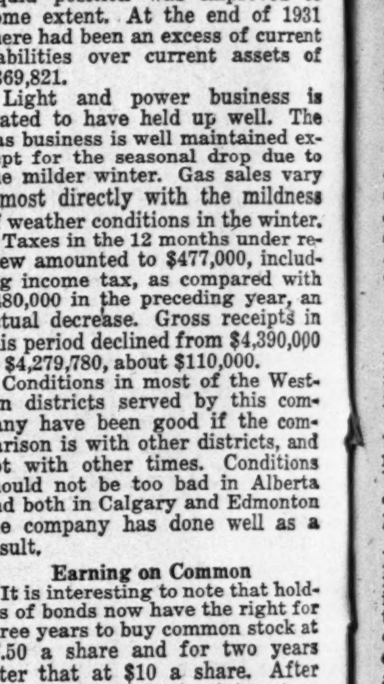
"No executive of the T. Eaton Co. wanted to take the half-holiday away from employees, but executives of every successful business must have a constant and accurate idea of its costs and the varying elements that go to make up those costs. We are in a competitive business and the goods we sell to the public must be as near as possible to their ideas of price as well as of quality and appearance. If we did not compete on even conditions with other merchants in the very important point of services rendered by employees, the result would be in the end less business for the company and therefore less employment for those who work for us. If the public wants to buy on Saturday afternoon and other merchants keep open, what can we do?

"The T. Eaton Co. was a pioneer in instituting the half holiday, and its executives hoped that the example would be widely followed. It cannot afford to stand alone on such a measure in a period like the present. If such a measure is economically feasible and advisable in the public interest for a large number of companies, would it not be better for the action to come from some municipal or other authority with power to enact a half-holiday and to make it general?"

Must Pay For Social Benefits

"Do you think that the five-day week, as attempted by several industries in the United States, would be a useful method of spreading work if it were made general?" he was asked.

"There again the competitive situation enters to determine whether or not it would be advisable. If Canadian manufacturers were to attempt the five-day week on a large scale at pay equal to a 5½-day or six-day week they would find it impossible to compete in foreign markets against manufacturers in countries which permit a six-day week and still less against factories in a country like Japan where there are low wages, a seven-day week and in many cases a 12-hour



J. J. VAUGHAN

day. They would also find imports from these countries with longer weeks undercutting them with domestic business. Instead of spreading work therefore, the five-day week under such conditions might be limiting employment because of foreign orders lost unless pay were lowered to correspond with hours worked. However desirable an end may seem in itself, a country must also consider very carefully whether or not it can afford the experiment.

"The T. Eaton Co. has had a five-day week at its manufacturing plants for a considerable period. A five-day week has been in operation at its knitting factory in Hamilton since 1928, and since 1929 at its factories in Montreal and Toronto. Where it is possible The T. Eaton Co. has had a five-day week. It even had a five-day week in the summer for a time in its retail stores, but its plans have to be adapted from time to time to the main business of the company in serving the public. Whatever maximum hours govern in retail establishments should be regulated by an authority which can see to it that one store does not work six or six and a half days a week while another tries to give a five-day or 5½-day week.

"So far as the Mail Order Department is concerned, The T. Eaton Co. has had a 5½-day week for years except in the month of December when exigencies of the business require that the week be extended to six days."

Working Board Favored

One phase of the activities of the T. Eaton Co. raised into prominence by the public attention given to Harry McGee's long services to the company and to Mr. Vaughan's new appointment is the fact that The T. Eaton Co. is one of the outstanding examples in Canada of the working directorate. It may not be so with every type of company but in the case of a company with a business so widespread, so vast and so complex as that of The T. Eaton Co., and built to meet the varying tastes of ten million putative customers, it has been of the greatest advantage to have always at hand a board made up of directors with an instant appreciation of the facts, the conditions and the multifarious details to be affected by every decision. A working board has been a constant saver of time and money and as well a wonderful trainer of executives for even higher positions. It has been the theatre of Mr. Vaughan's influence and success.

A survey of a score of important T. Eaton Co. executives, and there are hundreds of others unknown to the present writer, indicates that practically all have come up through the ranks as Mr. Vaughan has. One director states that he considers it of the highest value to any institution to have the feeling throughout the organization that promotion is by merit and that the highest position is not beyond any employee with the necessary talents, character and resolution. The feeling that opportunity is not closed he considered to be one of the best agents for a man's well being that there can be.

DOMINION GAS COVERS INTEREST ON REVISED BONDS

Fixed Charges Are on Lower Basis as Result of Recapitalization

Net earnings of Dominion Gas and Electric Co., after all charges including depreciation and income tax for the 12 months ended July 31, 1933, amounted to $801,804. The total fixed charges on the revised capitalization accepted during the summer months would be $455,000 as compared with previous fixed charges of $700,000.

The Financial Post has not seen figures which are strictly comparable with these 12 months, but statements show that $860,966 was earned in 1932. The drop in earnings is accounted for almost entirely by the milder winter encountered in 1932-33 in western districts where the company operates. That meant a somewhat lower demand for gas.

It is interesting to note that these net earnings are after taking care of an amount of $490,000 for amortization and depreciation.

Gross is Down

Figures with regard to the working capital position are not available but it is understood that the liquid position was improved to some extent. At the end of 1931 there had been an excess of current liabilities over current assets of $369,821.

Light and power business is stated to have held up well. The gas business is well maintained except for the seasonal drop due to the milder winter. Gas sales vary almost directly with the mildness of weather conditions in the winter.

Taxes in the 12 months under review amounted to $477,000, including income tax, as compared with $480,000 in the preceding year, an actual decrease. Gross receipts in this period declined from $4,390,000 to $4,279,780, about $110,000.

Conditions in most of the Western districts served by this company have been good if the comparison is with other districts, and not with other times. Conditions should not be too bad in Alberta and both in Calgary and Edmonton the company has done well as a result.

Earning on Common

It is interesting to note that holders of bonds now have the right for three years to buy common stock at $7.50 a share and for two years after that at $10 a share. After deducting $450,000 for interest on the $7,000,000 bonds now outstanding, and the dividend on 25,000 shares of new no par preferred stock accepted by International Utilities for its $3,000,000 of three-year-old gold notes, the earnings of the year ended July 31, 1933, would be equal on the new capitalization to almost $1 on each common share.

In some districts demands are being made by municipalities for lower rates from subsidiaries.

Fewer Price Advances in Hardware Trade

Advances in hardware prices are not so numerous as they were some weeks ago, as basic markets have been less active in advances in the price of raw materials. Certain lines of imported hardware coming from the U. S. A., where manufacturers have raised their cost because of adoption of the N. R. A. codes, are being quoted at higher levels by wholesalers here. On the other hand, the laid-down cost in Canada of some U. S. hardware lines, where basic costs are not higher, has been lowered to importers, on account of the reduced premium on U. S. funds, as compared with two months ago. Adjustments are being put through on these prices as shipments are received.

Turpentine appears easier in trend with lower prices quoted in some distributing centres. Following the recent reductions in linseed oil quotations, crushers state the market appears firmer again, with flax seed reflecting stronger tendencies. Lamp chimneys and lantern globes have been advanced by five per cent, dating from October 30, states Hardware and Metal, Toronto. Other advanced prices are quoted on cotton rope, tin roof caps, and measuring tapes. Among the reductions named by jobbers are lower prices on nicotine sulphate, electric iron, soot destroyer, etc.

The demand for hardware lines allied with the opening of colder weather, has been quite brisk in most territories, and while sales were a little slower at the beginning of the present week, active demand may be resumed again in the immediate future. Jobbers report a growing demand from dealers for Christmas lines, and manufacturers are beginning to place new Christmas offerings on the market.

Call Bondholders' Meeting Order of English Oblates

A meeting of bondholders of English Oblates of Eastern Canada and the Order of Oblates of Mary Immaculate of B. C. has been called by Capital Trust Co., to be held in Ottawa Dec. 6. Holders of serial bonds, 5½'s of 1933-55, 1933-46, 1936-46 and 6's of 1936-45, are asked to attend the meeting to consider passing resolutions for appointment of a bondholders' committee.

The Order of English Oblates, owning St. Joseph's Church and St. Patrick's College, Ottawa, and various other mortgaged properties mostly in British Columbia, is in default of principal and interest on bonds. This is the first occasion on record of a Canadian Roman Catholic society failing to adjust financial difficulties and to avoid a bondholders' meeting. Three weeks ago The Financial Post forecast the present development in an exclusive news item.

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SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

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Netherlands Buys Wide Variety Canadian Farm, Factory Products

Russians and Japanese Fake Labels on Salmon To Steal Our Trade—Country Ponders "Free Trade"

By J. K. ROSS-DUGGAN, Editor, Canadian Trade Abroad

The Dutch are world traders. The three great ports of Europe are Hamburg, Antwerp and Rotterdam. Rotterdam which strides the Rhine and is a port of entry for the Netherlands, the greater part of Western and Southern Germany, the provinces of Alsace and Lorraine in France and most of Switzerland. It is possible for products to find their way from Rotterdam as far east as Vienna and Budapest through canals extending from the Rhine to the Danube.

During 1933 the Netherlands was Canada's third best customer, importing goods to a value of $16,457,910. This is in excess of our total exports during the same period to the whole of the South American continent or our combined exports to Australia, New Zealand and South Africa.

Special Advantages

This impressive total has been obtained on the basis of merit and quality and without the aid of preferential tariffs, subsidized steamships or other ancillary advantages. And Holland is one of the most competitive markets in the world.

Canada's Trade with the Netherlands
Fiscal Years Ending March 31

	Exp. to N'lands	Imp. from N'lands
1930	$15,944,469	$9,432,698
1931	10,477,553	7,287,132
1932	13,502,157	5,827,969
1933	16,457,910	3,715,998

The Dutch are becoming somewhat restive about the one-sided nature of Holland-Canada trade. Yet they are as open minded on commercial subjects as any other people. Even in the treatment of unemployment relief, they make little distinction between their own nationals and aliens. While I was in Holland an incident was brought to my notice where a subject of one of the British Dominions was receiving rent and relief for himself and his family.

Next to the British, the Dutch have been the greatest "free traders." But since Great Britain has adopted protection, the Dutch are beginning to question the wisdom of their "open door" policy.

Must Import Foodstuffs

The care and trouble which the Dutch farmers have taken in building up their system of dykes and canals, leading to drainage and irrigation of what is normally unsuitable farm land, cannot but impress one with the qualities of thrift and industry which are typical of these people.

Yet the very nature of the arable land precludes a production of a wide range of foodstuffs and consequently there exists in the Netherlands a considerable market for Canadian foodstuffs, particularly wheat.

Some 35 per cent of the daily bread is Canadian wheat. In a typical Dutch family you will also be served honeycake which quite possibly contains its proportion of Canadian honey.

Moving around the commercial sections of Rotterdam, I noticed many flour bags with the familiar labels of many of our large Canadian mills such as Ogilvie, Lake of the Woods, St. Lawrence, Maple Leaf, Robin Hood and Western Canada. Milling legislation has kept down our flour business in Holland considerably but nevertheless all of our Canadian flour mills are competing successfully for the limited export business which remains.

I noticed Canadian macaroni and spaghetti being offered at the Simon de Wit chain stores, which have branches in all the more important cities.

Canadian feedstuffs are also used extensively for the fattening of hogs for the domestic market and for export to the United Kingdom. I came across a shipment of yeast from the National Breweries, Montreal.

Unfair Competition

In canned salmon, Canada has lost ground in the face of Russian and Japanese competition, who have improved the quality of their pack in recent years and whose prices are competitive. But Canadian salmon still bears the best reputation and it is not uncommon to see Japanese and Russian salmon put up in cans similar to the Canadian pack and sold as "Red Canadian Salmon" although the embossed sign of "Canada" on the top of the tin is missing.

Japanese crab also competes with Canada's lobster trade. Practically the only way to recognize the Canadian lobster is by the embossed "Canada" on the tin because it seems that the majority of the lobster cans sold in Holland are shipped "naked" from Canada and labelled by local importers.

I made a special point of visiting the "Bijenkorf" or Beehive. This is a large departmental store organization with branches in Amsterdam and The Hague, as well as in Rotterdam. It is comparable to our large department stores in Canada. Here were to be found pears from Canadian Canners, Princess brand lobsters, Heinz tomato ketchup, Sterling rubber gloves and salmon from the British Columbia Packers.

Ship U. S. Lumber

Canadian lumber exporters are doing a fairly large trade with The Netherlands, but most of the shipping is from the United States, rather than from Canadian mills. Since the Ottawa agreements, Canadian cut lumber is not competitive on the continent because of the preferential duty in England. A somewhat similar position applies to other Canadian products which have a preference in England.

The building board people are doing a fair amount of business with Dutch importers, including Ten-Test, Insul Board and Donnacona, as well as Gyproc. Maple flooring is also imported from Canada.

No False Sentiment

There is not much sentiment in the Dutch attitude toward business. The average Hollander is a born trader who will buy from anyone as long as the prices are attractive and the merchandise satisfactory. They have always been big importers of merchandise from the United States, particularly automobiles, trucks, typewriters, electrical appliances and specialty merchandise of all types. They have begun to realize that Canada is assuming a competitive position as a source of supply for this kind of merchandise.

Among specialty goods, competitive with goods formerly imported from the United States, I noted that C. Van Dijk, Stationsweg 49, Rotterdam, was displaying Monarch batteries. On either side of the entrance to this shop, were attached yellow enamel signs with big black letters reading "Monarch." Other Canadian automotive products were Webber gears, Morrow screws and nuts and Paulin's specialties.

At Jos Blitz, Hoofdsteeg 5, Rotterdam, were to be found Parker fountain pens made in Toronto, while photographic films from Mount Dennis, near Toronto, are obtainable throughout the Netherlands. I bought a cake of Canadian Palmolive soap. The new Ford 8 cylinder automobiles come from the Ford Motor Co. of Canada at East Windsor. I noted Jenkins' valves in the window of Peck & Co., Nieuwendijk 74, Amsterdam. Howard Smith papers are stocked by Wed S. Benedictus, Zuidblaak 40, and M. Wyt and Zn Pieter de Hooghweg, 111, both of Rotterdam.

Rubber Goods Prominent

Canada has also built up a splendid name abroad for rubber goods. Canadian-made tires enter Holland in fairly good quantities. Van Rossem & Co., The Hague, handle Canadian Goodyear tires. The Viceroy Co. are exporting Canadian hot water bottles, erasers and rubber bands, while Dutch surgeons use gloves made by the Sterling Rubber Co.

Walking along the Schiedamsche Dijk, one of the harbor front streets in Rotterdam, I noticed many small stores selling fishermen's and sailors' boots manufactured by such well-known Canadian firms as the Miner Rubber Co., the Northern Rubber Co. and the Gutta Percha and Rubber Co.

It was not difficult to get "Canadian Club" in any of the best hotels.

There is a strong demand for patent leather, and the majority of Canadian manufacturers are enjoying a very satisfactory trade. I came across one definite enquiry from a substantial firm who are very interested in linking up with a Canadian patent leather manufacturer.

Many of the products that enter the Netherlands from Canada are those which do not meet the public eye. For instance, there have been fairly considerable shipments of wood pulp, both for use by the paper mills but particularly for artificial silk manufacture.

Further Opportunities

There are undoubtedly plenty of opportunities for the export of large and small quantities of various Canadian products to this important market.

J. C. MacGillivray is the Canadian Government Trade Commissioner, whose office is Beursplein 26B, Rotterdam. The guardianship of Canadian commercial interests is in very good hands in the Netherlands.

Dutch cities may not be smart or stylish, their inhabitants neither effusive or demonstrative, yet one cannot but be impressed by the keen, straightforward business instinct and broad tolerance of the Dutch people.

Mr. Ross-Duggan recently returned to Canada from his seventh visit to the United Kingdom and Western Europe. He made a two-months survey of these territories for Canadian exports. He is writing several articles on export trade possibilities for Canada.

This is the seventh article in the series.

Two Party System Given New Stimulus

Liberals Prepare to Give Cabinet Stiff Fight in Parliament — Ministers Too Derive Some Satisfaction from By-Elections

From Our Own Correspondent

OTTAWA—Election of Liberal candidates in the three by-elections last week is the most important event in the sphere of domestic politics since the general election of 1930.

Apart from the unrestrained jubilation of the Liberals, the stoical indifference of the Conservatives and the chagrin of the C.C.F., these by-elections already have produced a profound change in political thought at Ottawa. The national political situation has been clarified.

Five Conclusions

1. National government is now conceded to be impossible. Nobody with the slightest grasp of public affairs now believes there is the remotest chance of fusing federal parties.

2. The ambitions of the C.C.F., have received almost a death blow. The menace of the third party has temporarily vanished.

3. The task of government, so far as the present administration is concerned, has been made more difficult and in this respect the public interest can scarcely fail to suffer.

4. The alternative to the present Conservative government—assuming the country seeks or finds an alternative—is clearly revealed as a Liberal administration and not a combination of left wing groups.

5. The Liberal opposition has received a public mandate to exercise its critical faculties without stint and hereafter Parliament will be ridden by party strife. The scarcely limited opportunities afforded by our Parliamentary system to badger, embarrass, harrass a government will be exploited to the limit, thus discouraging the government from essaying perhaps necessary legislative programmes.

Reaction of Business Men

Many business men—but not all—will regret that a National administration is no longer possible. It is now revealed that the proper time for those favoring a National Government to have pressed their campaign to an issue was last January, when the future of Liberalism was seriously menaced by the third party.

On the other hand, the unexpected and crushing blow received by the C. C. F., will come as a glad surprise to a business community which could envisage minority Government along the lines of Socialism only with grave anxiety.

It is now conceded in all political camps at Ottawa that National Government is a dead issue. The by-elections are accepted by jubilant and optimistic Liberals as proof positive that, in the event of a general election, the Liberal party would be returned by a majority. The Opposition, naturally, cannot be expected to share the fruits of office with the party they have fought with for the past three years and over which they now feel certain of victory. To suggest a National Government to the Liberal party today would be to invite jeers. The answer would be that if the Government cannot carry on a general election should be called—when the Liberal party will come into power, quite confident of its capacity to govern the country.

Tories Agree on That

With this point of view, the Conservative party has no quarrel. The old parties play the game according to the rules built up in generations of warfare. Under similar circumstances, the Conservatives would disdain an invitation to co-operate in a National Government. Indeed, National Governments are deemed, here, as necessary only when neither party can obtain a majority, or when an issue too great to be met by a single party must me met.

With the verdict in Mackenzie, the leaders of the C. C. F. must make up their minds that success in building up a national political party will only be achieved after prolonged effort. The British labor party was some 25 years a-growing and it looks as if the C. C. F. will be quite as long in reaching matur-

(Continued on page 13)

New World Parley Needed To Head off Currency War

Roosevelt Move Otherwise Might Precipitate International Trouble—Crisis Reached in N.R.A.

Recent events have brought a resumption of the World Economic Conference—the financial section at least—measurably nearer. President Roosevelt announced a scheme for managing prices through controlling the domestic price for gold and then followed this up by a plan to bid for gold in world markets. Exactly what is to be done by Washington is not clear. But what the President's object is must be apparent to all; it is to raise domestic prices in the United States. The 1926 price level is still his goal.

President's Intention Clear

On several occasions, President Roosevelt has given an indication of his objectives in regard to the lifting of prices. On May 7th, he stated that the administration had the definite objective of raising commodity prices to the level of about 1926. And the Farm Relief Act, introduced on March 7th stated the farm policy as being "to re-establish prices to farmers at a level that will give agricultural commodities a purchasing power equivalent to their purchasing power in the pre-war period of 1904 to 1914."

Thus, there can be no doubt as to what the President intends to do if he can possibly do it. There may be some doubt as to the ability of Washington to accomplish these price raising objectives.

Roosevelt may have some very important secondary objectives in his latest gold buying plan. He has taken a stand that is a threat to the British policy of stable prices and the French policy of deflation. He has thrown down the gauge of battle to those who opposed his inflationary objectives at the world conference.

French Cabinet Change

The second event of importance was the defeat of the Daladier cabinet in France. They were voted down on a deflation programme. Last summer a staff editor of The Financial Post cabled from Paris the opinion that the French cabinet had their tongues in their cheeks in their insistence on adhering to gold; that they were ready to abandon gold and devalue the franc further, ending the long and rigorous process of deflation, if the action could be forced on them, so that the political repercussions at home would be less severe. So far everything that has happened has tended to confirm that theory. The cabinet has reorganized with no outward change in policy. But France is said to be moving to national government and a virtual dictatorship. At the same time her cost reduction programme is challenged by the Roosevelt move. A new monetary policy, more inflationary in character, may be forced. France can, if she wishes, then enter the competitive depreciation race and the ministers can tell the thrifty French bourgeois rentiers that they did it against their will.

Chances of Currency Concert

Concerted international action to raise the general level of prices is admitted by most observers to be desirable. There are still cautious economic commentators who point to the "fallacy" of raising prices as an incentive to prosperity. They declare that it is just as easy (and much more permanent) to have prosperity based upon equilibrium of all factors on a plane of low price, low wages, low taxes, etc., as it is on a plane of prices higher than at present. But most people feel that higher prices will the sooner solve the problem of over-burdening debts, the sooner restore governments to solvency, and the sooner eliminate the possibilities of labor troubles consequent upon wage reductions.

Danger of Currency War

But the word "concerted" that began the last paragraph is the key word. If each nation undertakes to raise prices at home in terms of its own currencies and at the same time attempts to take advantage of exchange differentials to dump goods abroad there will be revived the war of competitive exchange depreciation which was so marked in 1932 and which led to reprisals and to many new tariff increases. The ultimate result of a competition in inflation would be so unfavorable that it is to be avoided at all costs. This has led to a feeling that the financial section of the World Economic Conference should be reassembled, possibly as early as December.

The United States is reaching a position where it can discuss international plans for currency stabilization. France can discuss stabilization but it cannot discuss price-raising so long as it remains on gold because its policy must remain defensive. But last week's events in Washington and Paris brought a renewed inflationary offensive on a world-wide scale appreciably nearer, it raised again the threat of a currency war and it thus speeded the day when a conference to check that offensive before it really gets under way must be held.

World Revaluation

A world revaluation of currencies has been brought much nearer. Inherent in the situation is the danger that this would be preceded by intensely nationalistic currency competition involving a struggle, first, for gold; second, for exchange advantages in trade; thirdly, a virtual levy on capital everywhere, with a consequent redistribution of wealth.

It would be to avoid a "dog-eat-dog" struggle along these lines that financial advisers of the British, French and American governments would have to take the lead in formulating policies for a world conference to approve.

Business Men Ask Stability

At a recent meeting of the Council of the International Chamber of Commerce in Paris, the need for stable currencies as a basis for the restoration of world trade was affirmed. The Council asserted its belief that, by maintaining the various currencies in stable relation with one another, the nations will provide the base on which alone world trade can be rapidly and permantly restored.

Meeting the U. S. Crisis

Following several weeks, during which recovery psychology dwindled rapidly in the United States, culminating in a sharp break in commodity and stock prices, President Roosevelt two weeks ago was forced to reiterate the main points in his programme and to announce one new item, the establishment of a free gold market to give the U. S. Government greater control over the purchasing value of the dollar in domestic and foreign transactions.

Throughout the periods of boom and of crisis since March 4, the president has always remained the coolest and most unexcited individual in the United States. He alone seems to have known where the Government's programme was heading and to have had faith in the programme through all setbacks.

President's Dual Objectives

One reason why the dazzling developments in the United States are difficult to understand is because the president has a dual objective and it is never simple to determine whether any particular line of action is directed to one phase of that objective or to another. Only a few commentators, among them Walter Lippman, have seen the twin purposes of the White House dictatorship.

The first objective is that embraced by the concept of the New Deal. This calls for a definite redistribution of wealth in the United States over a term of years through state intervention; it calls for ending abuses in finance and industry; it calls for permanent adjustments in the relationships of different classes in the economic community. In this object, the president has borrowed largely from the doctrines of the preachers of Socialism.

Planning Recovery

The second objective is to meet successfully the more immediate problems of the crisis and is embraced by the concept of planned recovery. The first job was to open the banks. This was accomplished in considerable measure but the aftermath is to be found in deposit guarantee feature of the new banking laws, coming into effect in January, and the provision for enormous Government loans to the banks to unfreeze deposits. The banks have been opened, but at what cost the future alone will tell. The next step was to create huge supplies of credit and this has been carried forward in daring fashion and through the instrumentality of many traditional and many unconventional financial devices. Then there has been the programme to raise prices for the primary purposes of relieving the burden on debtors and of restimulating business activity. Here again, the resources of the Government, including new resources created for the occasion, have been brought to bear upon the problem in ingenious and unconventional fashion. Primarily the effort has been to raise farm prices and a gigantic system of controlling production to reduce the supplies coming upon the market has been invoked. In industry, emphasis has been placed upon plans to create employment, both by spending public money on new public works and by reducing hours of labor to permit work sharing.

In each of these phases of the immediate recovery programme many of the longer term elements of the New Deal have been introduced. Thus shorter hours for work-sharing have gone hand in hand with restriction upon child labor. The establishment of new banking standards has gone hand in hand with plans to liquefy frozen assets.

Crisis in N. R. A.

In the past few weeks, the National Recovery Act, which is the industrial phase of the recovery programme, has reached a definite crisis. The N. R. A. has raised retail prices to a greater extent than it has increased the wage totals and to a greater extent than the Agricultural Adjustment Act has improved the farmers' purchasing power. An enormous consumer resistance has been built up and the action taken last week of removing retail stores in the smaller centres from the operations of the N. R. A. is undoubtedly only the first of many radical backward steps to be taken in the N. R. A. programme. Probably before the end of the year, General Hugh Johnson will be made the goat of the N. R. A. failure and will be asked to step down. The farm and industrial programme have gotten completely out of step. Attempts are being made to co-ordinate them now but it is recognized that most of the ballyhoo will have to disappear from the N. R. A. programme. The forecast is made to The Financial Post by a member of the White House "brain trust" that all the features of the N.R.A. permitting groups of manufacturers to fix minimum prices will disappear; this will leave industry with the burden of increased labor costs without any facilities for passing increased costs on to the consumer. If this happens, the N.R.A. will lose even the small measure of industrial support it now has.

Stock Market Collapse

The second phase of the crisis at Washington was the collapse in commodity and stock prices. Undoubtedly prices went too high in the July boom but there were other factors than a natural reaction from this situation that brought about the collapse. Indecision in regard to American monetary policy caused Americans to send their funds overseas and led European speculators to attempt the ancient process of selling the United States short. The troubles in the N. R. A. and the growing concern over the rapid creation of Government debts to finance purely experimental recovery measures have all tended to weaken general confidence within the United States and to widen the psychological gap between Wall Street and Washington.

It was because of these crisis factors that the president found it necessary recently to reoutline his programme. On the whole it was mere reiteration of former new points. The president was clear and courageous and spoke straight from the shoulder. But it cannot be said that he was entirely precise in differentiating between the recovery phases of his policy and the new deal phases.

Free Market For Gold

The only new development was the announcement of a free market for gold which had been foreshadowed by well-informed Washington news services. How this gold market will work out depends very much upon the manner in which it is managed but the important consideration is that it is part of the president's plan for price raising. It is not so clear whether or not it is a step in the direction of a managed currency or a commodity dollar, but this is possible.

The Kiplinger letter from Washington says:

"The intentions, the objectives, the ultimate aims of the administration have never changed materially since the beginning eight months ago. The price intentions have been and still are:

"(a) To raise commodity price level to around 100 (now near 70).

"(b) To make debts payable with same sized dollar as borrowed, measured in terms of purchasing power. This is merely another way of expressing the raising of commodity prices.

"(c) To stabilize the dollar and prices after prices get to a satisfactory level, 100, and not before.

"The means to these ends, the methods, the routes, are changing from month to month, week to week, almost day to day. The means to the ends involve the questions of inflation; what kinds of inflation; expansion of credit; turnover and use of credit; devaluation of dollar; what time for devaluation; loading the banks with credit; squeezing the banks to make them lend; direct government loans; extension of government banking to do what private credit and capital is not doing; public works; NRA and AGRA, involving direct action; "artificial" manipulations of markets by the government; finessing of government credit, etc.

"Point is that you should differentiate in your own mind between ultimate objectives, which are constant, and the methods, which change."

Meat Exports Gain

The exports of meats in September totalled in value $1,257,115 compared with $455,969 in September last year. It was the largest export of meats since October, 1929, when the total was $1,341,981.

The Tide of Things

A Department of Independent Comment on Society and Politics

By WILLIAM HENRY MOORE

Intolerance in Politics

VANCOUVER. — According to one 1933 school of reform about everything that was reformed in the past was malformed. Our forefathers struggled for freedom, or competition, in the market-place. They won and handed their victory down to us. Now we are told that competition, once regarded as a priceless boon, has led to chaos.

Our politically-minded ancestors fought for a parliament that should be free, representative and responsible. We inherited the democratic institutions they established. And now a Fabian Socialist audience cheers Bernard Shaw when he assures it that Guy Fawkes would have performed a public service had he blown up the Parliament Buildings.

* * *

REFORM is a strange thing. It is never satisfied. But that is really no reason why we should lose our perspective and fail to realize that, after all, we are making some progress. If Simon de Montfort, Hampden, Cobden, Bright, Burke, Papineau and Mackenzie could look down and express their views as to our present situation, I feel sure they would insist that they had succeeded reasonably well, despite the insistence of those who hold that thing could not be worse than they are.

It is true we have not reached the Golden Age our ancestral reformers believed would follow the institutions they established. The Golden Age is still around the corner. I am quite sure Mr. Woodsworth believes it would be attained if the country were to adopt the C. C. F. policy for I have read his presidential address at the Regina convention. It was with that address in mind that I watched the C. C. F. as it conducted its first major campaign in the general election of British Columbia. Mr. Woodsworth wanted something unlike our old party organizations. At Regina he said: "Indeed ours is more than an organization. It is a movement. A movement that is already producing a goodly fellowship of earnest and capable men and women." Mr. Woodsworth wanted to inject into that movement a spirit of religion. He said: "If our movement is to be successful it must bear—as we think it does—something of the character of a religious crusade."

You may not like the thought of mixing politics and religion, but many people have given up the idea that religion should be reserved for Sundays and Wednesday evenings. And besides the distressing situation calls for man's best effort.

* * *

IT WAS with these things in mind that I attended my first political meeting in British Columbia. It was held in the auditorium of the Vancouver Hotel, a Liberal rally, addressed by two local candidates and the Hon. Ian Mackenzie. I was prepared for a gap between the ideas of Mr. Woodsworth as expressed at Regina and the actions of his followers in a political campaign. I did not expect to find a gulf. At the first words of criticism of the programme of the C. C. F. five distinct sections of the auditorium united in a "Y-E-O-W" that reached the ceiling. And the auditorium has a high ceiling. It was not, as you may have thought an imitation of a college yell, it was a drawn out monosyllabic yell like nothing on earth. And it was continued at each attempt of the speakers to criticize the C. C. F. programme.

That performance was not an isolated one. At a meeting, where Dugald Donaghy, representing the Independents, was supposed to meet the provincial leader of the C. C. F. the "Y-E-O-W" was repeated whenever Mr. Donaghy had anything to say against the planks of the C. C. F. Obviously a speaker has no answer. At least Mr. Donaghy had none. He smiled and talked about other things.

* * *

THAT sort of thing may be incidental to a religious crusade, but it is not the good fellowship that Mr. Woodsworth talked about at Regina. As a crusading feature it reminds one of the cry "And Mahomet is his prophet" that was given before the onslaught. It may win individual contests, it will not survive the long run. Our knowledge of crowd psychology ought to have told us that forces were being pent up by appeals to class prejudice that could not be controlled. There is something around the corner. But it is not a Golden Age. Nor is it what Mr. Woodsworth thinks it is.

How to Cut Interest Rates is Problem

Authorities Agree Lower Rates Will Speed Recovery but How to Speed Sluggish Natural Forces is Not So Apparent

How can the wages of capital, interest rates, be cut in Canada?

Although a number of authorities agree that lower short and long-term interest rates would aid Canadian recovery, their views being given in The Financial Post last week, there is also agreement that it would be difficult to bring this about on a large scale; first, because the machinery works slowly, or is lacking; second, because Canada is a debtor country. Low interest rates prevailing in creditor countries, such as Great Britain and the United States, are considered by some authorities to lessen the second difficulty.

So far, voluntary steps to lower the Canadian interest rate structure have been confined to reducing rates paid on deposits by banks and trust companies and some loan rates. Also steps to reduce rates have been taken by capital in cases where the debtor has been unable to pay, some adjustments being made involuntarily by creditors. This method is slow. But some large creditors feel that it is the natural method and therefore the best, despite its disadvantage of sluggishness.

Desire Rate Cut on Wholesale Scale

There is, however, a large body of debtors and some important creditors who would prefer to have interest rates reduced en masse, and without unnecessary delay. It is claimed that it would ease the tax and debt burden, and would encourage enterprise, thus paving the way to recovery. Under the process of adjustment of debts and interest in the above mentioned "natural" way, it is contended that the solvent debtor is penalized by being made to bear part of the burden of the insolvent.

How, then, can a widespread reduction in interest rates be made? In a recent interview with The Financial Post, Professor Gilbert E. Jackson, of the University of Toronto, pointed out that there is no such mechanism here as the Bank of England and the Treasury in Great Britain. And even if there were, we could not exert the same control over interest rates because we are a debtor country. That is, interest rates on long term bonds were reduced in England by keeping new issues off the market. Here we could not dam exports of investment capital in this manner because on balance we are not exporters of funds. Another method to cut interest rates in Canada might be to bring about a closer communion between debtors and creditors, about which the forthcoming Macmillan report may have something to say. Yet another means would be to bring in money from outside the country for lending here. The effects of such a policy were demonstrated when the Dominion borrowed in London last summer, lowering yields on Canadian bonds internally by relieving our market of the full pressure of new flotations. However the London market is not open to borrowers indiscriminately and international lending elsewhere is at a low ebb. So external supplies of money are more or less unavailable.

Internal Solution Required

It appears, therefore, that the problem requires an internal solution, in present circumstances, if it is to be solved by any other than the cumbersome method of adjustment of individual debts.

In Canada's internal economy lenders could lower interest rates on a wide scale by voluntary action. Banks could cut deposit rates again, and reduce loan rates once more. Mortgage loan companies could cut deposit and debenture interest rates to their creditors and rates charged on mortgages. Insurance companies and other bondholders and mortgagees could in some cases allow less interest to their policyholders and creditors and give their debtors the benefit. But in each case this would work back to the small depositor, debenture-holder, investor and policyholder who would have to be the ultimate benefactor of the debtor class. That this is not an inconceivable development, whether voluntary or involuntary, is shown by recent admission of this possibility to The Financial Post by a leading Canadian insurance officer.

H. H. Stevens' Threat of Action

If this voluntary adjustment does not come, and the Canadian internal debt burden, private and public, continues as heavy as at present, there is a possibility of Government action toward adjustment. Hon. H. H. Stevens, federal Minister of Trade and Commerce, recently stated publicly that unless lenders on mortgages at rates beyond the capacity of debtors to pay do not take action to cut these rates, the Government may have to step in and do it for them. While, to some extent, Mr. Stevens may have been speaking politically, it is noteworthy that the Dominion has the power to do just what he threatened.

The Dominion Government can fix maximum rates of interest on loans granted by persons and corporations operating under either federal or provincial charters, according to authoritative opinions gathered by the Banking and Commerce Committee of the House of Commons during the last session of Parliament. Those who agreed in this opinion were the deputy ministers of justice and finance of the Dominion and the provincial attorneys-general. So that Mr. Stevens' threat carries some weight, although he contends that constitutional obstacles have prevented Government action.

Views of Opponents to Wholesale Cut

Most of Canada's leading bankers and financiers evince scepticism of price-raising policies. They are, therefore, largely deflationist in sentiment. Now, to carry deflation to its ultimate conclusion, it is necessary to reduce taxes, budgets, wages, rents and interest rates so that the inflexible factors of cost are adjusted to the lower price level. Nevertheless there is disagreement among some of our financiers as to whether interest rates should be reduced on a wholesale scale.

Some bankers are not "sold" on the idea of cutting the bank rate on savings deposits to two per cent. They fear transfers of deposits into other forms of investment, which is just what the interest-cutters would like. Trust and loan companies have reduced their rates on deposits and on new debentures. Insurance companies have been allowing lower rates of interest and dividends on various moneys which they administer for policyholders, annuitants and investors. But most of the contract funds held by these institutions are not subject to adjustment, being long-term contracts in many instances. If it were possible to adjust the terms of the thousands of small credits which these organizations hold, the problem would be greatly simplified. This must be done, it is agreed, unless our best financial bodies are to be impoverished by lowering the rates they charge without cutting the rates they allow.

How Australia Did It

Australia furnishes an example of what can be done in the way of wholesale adjustment. Two years ago the financial situation of the Commonwealth was worse than ours. The federal government and the states were in grave difficulties and the burdens of private debtors were, like ours, beyond the capacity to pay in many cases. Therefore, adopting a "whole hog" deflationary policy, the government ordered a 22½ per cent cut in all interest and dividends payable internally in Australia, cut salaries 20 to 30 per cent, cut pensions, cut bank deposit rates, turned a large prospective budget deficit into a surplus, and, in short, adjusted the whole internal economy. Fortunately for Australia most of the external debt is held in Great Britain so that much of it has been refunded at sharply reduced rates.

Today Australia is recovering from her financial crisis admirably. Whether or not this can be mainly attributed to the adjustments made is less certain. But they have helped in refunding government debt abroad at lower rates of interest.

One Canadian authority questions whether we should look to Australia for our lead. He sees a contrast between the isolated position of Australia and the close financial relationships of Canada with the United States, and between our large mortgage lending institutions and their allegedly comparatively few. Nevertheless Australia affords the nearest thing to a parallel to the present involved debt problem in Canada, although we are not yet in the same straits from which the sister Dominion lifted herself.

The problem of adjusting such fixed costs as interest rates is merely a part of a deflationary policy. The prime factor is the price level, which must either be raised to suit the debt burden or the debts adjusted to suit the prices. The economic disturbances which have developed in the last four years have thrown various sets of prices and costs out of balance. This disequilibrium in relation to the Canadian internal interest structure will be discussed in a later article in The Financial Post.

Grain and Milling in Canada

Western Canada Flour Mills
COMPANY LIMITED

The Brackman-Ker Milling Company Limited

Purity Flour Mills Limited

Consolidated Statement, 31st August, 1933

ASSETS

CAPITAL ASSETS:			
Real Estate, Buildings, Plant and Equipment, less Reserve for Depreciation	$5,006,507.57		
Investments, including Investments in and Advances to Affiliated Companies, less Reserve	1,819,251.11		
Patents, Trade Marks and Goodwill	1.00		
		$6,325,759.68	
CURRENT ASSETS:			
Inventories of Grain, Merchandise, Bags, Barrels and Supplies	$1,624,670.95		
Accounts and Bills Receivable	669,219.98		
Cash on Hand and in Bank	70,763.07		
Deferred Charges	46,473.93		
		2,411,127.93	
		$8,736,887.61	

LIABILITIES

CAPITAL:			
Authorized—			
30,000 shares 6½% Cumulative Redeemable Preference Stock of a par value of $100.00 each		$3,000,000.00	
150,000 shares Common Stock without nominal or par value			
Issued—			
25,000 shares 6½% Cumulative Redeemable Preference Stock of a par value of $100.00 each	$2,500,000.00		
Less—870 shares redeemed through Sinking Fund and cancelled	87,000.00		
		$2,413,000.00	
135,000 shares Common Stock without nominal or par value		2,205,700.00	
			$4,618,700.00
CURRENT LIABILITIES:			
Bank Loan, secured		$ 722,000.00	
Accounts and Bills Payable		718,751.94	
Dividend payable 15th September, 1933		18,097.50	
			1,458,849.44
RESERVES:			
Contingencies, Doubtful Accounts, Income Taxes, etc.		$ 240,401.57	
Pension Fund		50,000.00	
Property		946,641.32	
General		593,134.62	
			1,830,177.51
PROFIT AND LOSS ACCOUNT:			
Balance 1st September, 1932		$ 808,357.47	
Profit for year ended 31st August, 1933	$236,164.39		
Transfer from General Reserve	100,000.00		
		336,164.39	
		$1,144,521.86	
Less—Provision for Depreciation and Doubtful Accounts	$121,857.45		
Transfer to Reserve for Investments	100,000.00		
Dividends for year	93,503.75		
		315,361.20	
Balance 31st August, 1933			829,160.66
INDIRECT LIABILITIES:			
Customers' Paper under Discount		$1,043,475.89	
Guarantee of Purity Baking Company, Limited, Loan		1,822,200.00	
			$8,736,887.61

NOTE.—Dividends on Preference Shares are in arrears $2.62½ per share.

Wheat

From Our Grain Correspondent

Liverpool Very Chary

CABLES from Liverpool insist that millers in Great Britain and on the continent are putting extreme restrictions on current buying of imported wheat because of uncertainties created in foreign exchange by development of the United States gold policy. As a matter of fact such has been their policy for some time, and attention which developing crops in the southern hemisphere is attracting indicates a desire to see what effect wheat from Australia and the Argentine may have on subsequent prices.

At Chicago the gold policy of President Roosevelt is having none of the hoped-for effect in advancing prices of wheat or of any other grain, as traders refuse to be stampeded into any buying campaign through fear of depreciated dollars. On the contrary they show an inclination to get out of grain, possibly through puzzlement as to what is to be the outcome of Government efforts in various directions. Wheat there is felt by many observers to be quite high enough in view of the additional cost to consumers of the processing tax, and the imposition of a corresponding tax on corn and hogs, and the prospect of one on rye creates doubt as to consumers' reaction. If such taxes go up, as is suggested in some quarters, there is a feeling that prices of grain may be depressed.

Export Demand Small

CASH grain business at the head of the lakes is slow, reflecting small export demand, and lake freight rates have been weakening. But a cargo of rye has been lately worked to the United States, after a falling off in that business for some time.

International movement of wheat showed an increase, however, with North American shipments, which were very largely of Canadian origin, reaching their largest weekly total of the current season. The Canadian movement is nevertheless, still considerably behind last year and not even equal to the percentage that should have been shipped to date on the basis of the 200,000,000 bushel quota, but the October clearances when fully included in the statistics may adjust this somewhat. There was a notable increase in the shipments from Russia and the Balkan countries last week but this wheat is of low quality and selling at tremendous discounts under the current quotations for Canadian wheat in the Winnipeg market.

EARNINGS HIGHER FOR MAPLE LEAF, ARE TOO LOW YET

Trenched on Surplus by $179,622 to Meet Year's Exigencies

BANK LOANS UP

Inventories Show Increase — Debts of Former Officers Written Down — Maintained Share of Business

Though Maple Leaf Milling Co., Ltd., and subsidiaries, maintained their share of both domestic and export flour business in the year ended July 31, 1933, lower prices for the company's products, and adjustments made necessary by the exceedingly difficult business conditions, resulted in a surplus of $409,090 being reduced to $229,468 as a result of the various transactions of the year.

Actual net earnings were $312,930 before depreciation and bond interest as compared with $265,863 in the preceding year, but this was $222,952 short of the amount needed to look after depreciation, bond interest, premium on United States funds purchased for payment of bond interest, write-offs on extension and bond expenses and mill stores and supplies, and a transfer of $64,640 to the reserve against controlled companies accounts. There was no comparative transfer item shown in the previous year's accounts with respect to the reserve for account of controlled companies. The company was able to add an amount of $43,330 to the operating earnings of the year by making an adjustment in the stated value of the shares received from former officers.

Consolidated* Income & Surplus Acct. Years Ended July 31

	1933 $	1932 $
Net earnings	312,930	265,863
Less: Depreciation	162,543	163,109
Bond interest	261,881	266,837
Pr. on U. S. funds	16,618	36,504
Res. control co's. acc.	64,640	......
Extens. exp. w/o	10,000	10,000
Bond exp. w/o	10,000	10,000
W/o mill stores, etc.	10,700	10,000
Net profit	*222,952	*230,587
Add: Prev. surp.	409,090	639,677
Adj. to val. of shs.‡	43,330	......
Balance forward	229,468	409,090

*Loss. ‡Received from former officers.

Larger Working Capital Deficiency

Both current assets and current liabilities are shown to have increased during the year but the net result was an increase of the working capital deficiency of $155,100.

Working Capital Years Ended July 31

	1933 $	1932 $
Current assets	4,802,330	4,501,108
Current liabilities	6,680,252	6,223,982
Working capital	*1,877,922	*1,722,874
Ratio	0.71—1	0.72—1

*Denotes excess of current liabilities over current assets.

Inventories, Bank Loans Up

The striking changes in the balance sheet are an increase in value of inventories, a decrease in receivables and an increase in accommodation from the bank.

Cash and bank balances were shown at $84,074 at the beginning of the year. At the end of the year there were two amounts, cash and bank balances of $25,822 and cash of $72,520 in the hands of trustees for the bondholders.

Write Down Former Officers' Debt

Receivables were down from $1,904,461 to $1,785,203. There was a slight increase in general receivables and in receivables of controlled companies but the total decline is mainly due to a drop in the amount due by former officers, less amounts reserved, from $540,872 to $328,118. On this point the auditors, Riddell, Stead, Graham & Hutchison, chartered accountants, give their certificate of adequacy with the modifying clause, "Subject to the adequacy of the reserves provided for claims against former officers, and for investments in and debts due by controlled companies." In considering the position of this company, many investors eliminate entirely the amount shown of $328,118, as due by former officers, less amount reserved from their consideration of company prospects as very unlikely of realization except as stock and commodity markets improve.

Inventories went up from $2,511,573 to $2,918,784 and this, no doubt, explains the advance or increase in bankers' advances secured by inventories and receivables from $3,841,619 to $4,315,905. The bankers' advances secured by shares of controlled companies and other investments, still stand at $2,000,000. Accounts payable are slightly down from $338,678 to $319,557.

Balance sheet shows investment in shares of controlled companies at $2,030,902 as compared with $1,970,902 at the beginning of the year, and it shows other investment securities and properties acquired and held for resale at $234,704 as compared with $261,751 at the beginning of the year. The adequacy of reserve on this item is not certified to by the auditors.

Reserves Increased

Fixed assets are valued slightly above $7,000,000 as compared with slightly below at the beginning of the year. The reserve for depreciation on fixed assets, however, was increased from $775,187 to $937,729. The contingency reserve of $400,000 still stands but accounts receivable and controlled companies' accounts reserve increased from $154,172 to $281,869.

Sinking Fund Payment Missed

Bonded indebtedness did not change during the year, the first mortgage 5½ per cent bonds due 1949 outstanding still being $4,620,500 and the Hedley Shaw Milling Co., 6 per cent first mortgage bonds due 1935 still outstanding standing at $121,800. There was an item of bond interest accrued of $44,790. It is to be noted in connection with these bonds that the interest on the bonds due June 1, 1933, payable in United States funds, was paid in Canadian funds. And also that the sinking fund installment of $120,901 due June 1, 1933, was not paid. These bonds are, therefore, under fire to that extent.

The par value of the company's shares held by subsidiaries increased during the year from $333,580 to $596,460.

Contingent liabilities included the company's guarantee of preferred dividend of Eastern Bakeries, an increase of customers' bills under discounts of $94,438 to $126,054 and the fact that bond interest was paid in Canadian funds.

Salmon Pack Larger

British Columbia's 1933 salmon pack to the middle of October, 1,110,073 cases of 48 pounds each, is 109,865 cases more than that at the corresponding point of last year, and it is so far in excess of the 1931 pack of 662,031 cases.

Tax, Tariff Likely Soon On U.S. Rye

From Our Own Correspondent

WINNIPEG.—A processing tax on rye in the United States is expected shortly.

Consumers have been turning to rye bread instead of wheat bread as a matter of economy. Rye imports into the United States have lately been fairly large, as internal prices were worked up to a point which permitted imports from Canada, from Europe and from the Argentine, after payment of the current duty of 15 cents a bushel.

Tariff to Rise

That tariff, it appears, is likely to be increased at any moment by executive order to the full limit of 50 per cent of the prevailing duty, the greatest advance permissible under the law until Congress meets and gets an opportunity of advancing it.

With corn and wheat already subject to the processing tax, potatoes would seem to be the next refuge of the consumers. But the United States does not consume potatoes to anything like the extent of either Canada or Europe, and the potato crop this year was comparatively small, so that any important increase in demand might run prices up.

PROCESSING TAX ON U. S. A. CORN AFFECTING WHEAT

Consumer Trend Away from Wheat Will Now be Curbed

From Our Own Correspondent

WINNIPEG—United States government policy on corn is now becoming a factor which may affect the Chicago wheat market. A processing tax of 26 cents per bushel has been placed in effect, equivalent as is the processing tax on wheat, to half a cent a bushel.

The tax may check the substitution of corn meal for flour in the diets of persons avoiding flour in order to escape the effect of the tax. That tendency had become a noticeable factor in the wheat market. In one of the Southern states the government had started to publish official pamphlets to show people how to use more corn meal and less flour, in order that they might live more cheaply. In another state diet lists in a government institution were revised in order that corn might be substituted for wheat.

Will go to Farmers

The money collected from the processing tax on corn is to be paid to corn farmers in return for agreements to cut down their production of corn and hogs next year. A 20 per cent reduction in corn acreage is to be asked for, and a 25 per cent reduction in the raising of pigs. Only a small part of the required money can be secured by a processing tax on corn, for the quantities that are milled into meal or converted into starch or alcohol are small compared with the total crop. The greater part of the money is to come from a processing tax on hogs to be concurrently applied.

The first claim on the fund will be to reimburse the government for the money it paid out recently for the slaughtering of 6,000,000 small pigs and sows, from which some meat and fertilizer was obtained, but a large part of which was totally destroyed. Payments in return for agreements to reduce corn acreage, to be planted next spring, will not be available for some time. Immediately, however, provision is announced for lending money to farmers on corn stored under seal on their farms at the rate of 50 cents a bushel, or rather on the basis of a 50 cent price at Chicago.

While under banking laws this will be possible only in a limited number of states, these are the chief corn producers. This has the appearance of a guarantee of a 50 cent price to the farmers of those states, and is intended to encourage the holding of corn instead of its sale.

Thought Unbalanced

To some observers the corn-hog programme is unbalanced, inasmuch as it aims at cutting down the corn consuming livestock population months ahead of a reduction in the supply of corn to be produced approximately a year from now. The idea of the administration is evidently that if the pork supply of the country is promptly lessened, the price of pork will rise, and that of corn should follow after. There is a long time tendency for corn and hog prices to be so adjusted to each other that the price of 100 pounds live weight hogs is roughly equivalent to that of 11 bushels of corn, but there is nothing in this normal ratio to prevent the price of corn and hogs being out of line with each other for considerable periods as has often been the case.

World Wheat Shipments Show Some Improvement

World shipments of wheat and wheat flour for the week ending October 23, amounted to 10,627,000 bushels as compared with shipments of 9,374,000 bushels for the previous week and 12,864,000 for the corresponding week last year. Shipments from North America increased by more than one million bushels. Clearances from the Argentine and Australia both show a very slight increase over last week while shipments from Russia were reduced by half.

During the first twelve weeks of the present crop year world shipments amounted to 121 million bushels compared with 124 million for the corresponding weeks last year. North American shipments have amounted to 54 million compared with 78 million last year. Since August 1 the Argentine has cleared 28 million compared with 9 million for the same weeks last year. Australian shipments have been also heavier than a year ago.

The London Wheat Conference estimated world requirements for 1933-34 at 560 million bushels. From August 1 to October 23, world shipments amounted to 121 million bushels, or an average of 10 million per week. This leaves a balance of 439 million bushels to be shipped during the remaining 40 weeks of the crop year or a weekly average of 11 million per week.

TOR. ELEVATOR HAS GOOD YEAR PROFIT LOWER

Earned $2.85 on Common Shares in 10-Month Period

INVENTORY UP

Working Capital Position Improved; Grain Holdings Largest in Company's History

Earnings of Toronto Elevators were well maintained in the 10 months ended July 31 despite the fact that lower storage rates were in effect for some three months than were in effect in 1932. After increased provision for depreciation, payment of fixed charges and preferred dividends the company earned $2.85 per share on the 25,000 shares of common stock outstanding. Had depreciation been taken at the same rate as in 1932 earnings would have been at the rate of $4.57 for a 12 months period which compares with $5.03 earned per share in the 12 months ended September 30, 1932.

It is stated that the company's elevators at Toronto and Sarnia which have a capacity of 5,000,000 bushels have been filled to capacity throughout the season. Movement of grain has been limited but earnings from storage have been good. The company's feed plant has shown a steady increase in volume and is on a profitable basis. The fiscal year of the company has been changed to coincide with the crop year and the income and surplus figures for the period just ended cover a period of only ten months.

Consolidated Income and Surplus Account

	10 Mos. ended July 31, 1933 $	Year ended Sept. 30, 1932 $
Net earnings	298,605	380,633
Less: Deprec. reserve	*95,398	‡85,554
Interest	29,422	37,340
Inc. tax reserve	23,764	26,748
Net profit	150,021	230,691
Less appropriations:		
Pref. dividends	78,750	105,000
Surplus for year	71,271	125,691
Add: Prev. surplus	376,972	257,781
Less: Addit. prov. for inc. tax	......	6,500
Common div.	25,000	......
Balance forward	423,243	376,972

‡Representing 2 per cent on buildings and 7½ per cent on machinery.
*Representing 2½ per cent on buildings, 10 per cent on machinery.

Working capital position of the company has been improved. Grain and feed inventories are highest in the history of the company at $3,505,495 having increased from $1,253,825 at September 30, 1932. Secured bank loans show a corresponding increase to $3,510,000 from $1,565,000. Cash is up to $474,394 from $103,871. Bills and accounts receivable show comparatively little change at $301,058. Among current liabilities, amount owing on grain purchases is down to $135,671 from $193,320. Accounts payable are up to $69,538 from $31,440. During the current year $53,879 is payable to the City of Sarnia. Working capital position is as follows:

Working Capital

	1933 $	1932 $
Current assets	4,316,145	2,360,912
Current liabilities	3,799,288	1,934,916
Working capital	516,857	425,996
Ratio	1.13—1	1.22—1

Fixed assets are carried at $2,159,945 after deducting reserve of $413,196 for depreciation. The company has increased annual depreciation reserve to 2½ per cent on buildings and 10 per cent on machinery which compare with previous deductions of 2 per cent and 7½ per cent respectively. Prepaid expenses, consisting of insurance and taxes, amount to $24,419 and seat on the Winnipeg Grain Exchange is valued at $7,600.

There remains $665,577 due to the City of Sarnia on account of purchase of the company's Sarnia elevator and this amount is repayable in annual installments. There remain outstanding 15,000 shares of $100 par value 7 per cent preferred stock and 25,000 shares of no par common stock.

Manitoba Pool Members and World Wheat Quota

Approval of the London wheat quota agreement was voiced by delegates to the recent annual meeting of the Manitoba Pool Elevators to the number of over 150. This is believed to be the first studied opinion of an organized farm body in Canada with regard to this agreement.

The delegates recommended that the principle of the quota be carried right back to the farm, thereby placing each farm on an individual quota of deliveries. It was felt that the details of such a plan would have to be worked out by the federal and provincial governments.

Premier Bracken outlined the unemployment relief problem now faced by the Manitoba government and stated that the situation will be worse this winter than it was last winter. He also stated that the government was attempting to assist farmers dried out in the southwestern part of the province.

No Wheat Board Says Hon. H. Stevens

That Ottawa does not favor the establishment of a national wheat board was the statement made by Hon. H. H. Stevens, Federal Minister of Trade and Commerce in a recent interview at Edmonton. A national wheat board was advocated by Premier J. E. Brownlee.

The point made by Mr. Stevens was that a national wheat board could do more than the Government is now doing for wheat growers. Mr. Stevens pointed out that in the past three years the Government had done more to assist the western wheat grower than most people realized and it had been done with a minimum cost to the country.

Inter City Western Co. Making Some Headway

From Our Own Correspondent

MONTREAL.—Nearly 50 per cent of the outstanding bonds of Inter City Western Bakeries, subsidiary of Lake of the Woods Milling Co., have been deposited with the bondholders' protective committee which was formed a short time ago to investigate affairs of the company with a view to placing it on a sounder footing.

The committee has advised bondholders of interim reports received from the company to the effect that earnings for the period ended August 26 are running at the rate of approximately half bond interest requirements before depreciation reserve. Further the company's net current position is somewhat improved; net working capital, exclusive of accrued bond interest, amounts to approximately $100,000.

Efforts of the company are being continued to still further reduce expenses and to eliminate losses from operations of unprofitable properties.

World Wheat Situation Reviewed By U. S. Bureau

World wheat production outside of Russia and China is estimated at about 3,500,000,000 bushels or 270,000,000 bushels less than preceding harvest, by the U. S. Bureau of Agricultural Economics in its current report on world wheat prospects.

This decrease, however, is offset to some extent by an increase in stocks at the beginning of the season, the surplus in four principal exporting countries and the supplies afloat on July 1 being estimated at 84,000,000 bushels more than on July 1 last year, says the bureau. Russia is also expected to export more wheat than during the last season.

Wheat prices at Liverpool, in terms of gold, have fallen recently to the lowest point of the current depression despite the smaller world crop, the bureau points out, and attributes the decline primarily to large crops in European importing countries. Nevertheless, the bureau believes that "the import demand for the year seems likely to be sufficient to absorb readily the quotas allotted in the London Wheat Agreement unless exports from Russia should be unexpectedly large." The report states that "some recovery from recent extremely low levels of world wheat prices seems likely."

Investigate Milk Prices to Saskatchewan Folks

From Our Own Correspondent

REGINA.—Milk prices are to be probed in Saskatchewan and Prof. William Allen, of Saskatchewan University farm management department, has been appointed to head the Royal Commission. George F. Curtis has been named his secretary.

Instructions by the lieutenant-governor-in-council direct an enquiry into production, processing, distribution sale and sale of milk products and particularly prices obtained by the producers and distributors. Costs and the level of milk prices compared with other foods are involved. Control of milk prices in other provinces will also be investigated. Sittings will be held in Regina on Nov. 7, Moose Jaw, Nov. 14 and Saskatoon, Nov. 16.

Winnipeg Grain Prices

Week to October 31

Crop year from Aug. 1, 1933 High	Low		Open Oct. 25	High for week	Low for week	Close Oct. 31
		Wheat				
.89⅛	.54⅜	October	.61¼	.66⅜	.61¾	.61⅞
.68⅝	.54⅝	November	.64⅛	.66¼	.61¾	.61⅞
.90⅞	.54⅛	December	.64¼	.66⅜	.61¾	.61¾
.95	.59¼	May	.69	.70⅝	.65¾	.65¾
		Oats				
.45	.25¾	October	.31⅝	.33⅛	.29⅝	.30⅛
.45⅜	.26	December	.32⅜	.34	.30¾	.30⅞
.48½	.29½	May	.35¼	.36¾	.33⅜	.33½
		Barley				
.55⅛	.28¼	October	.35⅜	.36¼	.33¼	.33⅝
.56⅞	.29¼	December	.36	.37¼	.33⅞	.33⅞
.59¾	.32½	May	.39⅜	.40⅝	.37½	.37½
		Flax				
1.60	1.13	October	..	1.38½	1.33	1.34½
1.63½	1.11	December	1.39	1.39½	1.33	1.35¼
1.71½	1.16	May	1.43	1.47	1.39	1.40⅞
		Rye				
.62¾	.35¾	October	.44⅛	.44⅛	.41¼	.42½
.50½	.38¼	November	..	.44	.42¼	.42¼
.64½	.37	December	.43⅜	.45¼	.41⅜	.41⅜
.68½	.39½	May	.48	.49¾	.45⅜	.45⅜

LARGER CROP NOW EXPECTED FROM ANTIPODES

U. S. Export Quota May be Cut to Offset Increase

From Our Own Correspondent

WINNIPEG.—Four months ago there appeared to be a decided probability that both Australia and the Argentine might produce very short crops this year, but in each country there has been marked improvement, more so in the Argentine than in Australia.

Correspondents in Australia now suggest a possible crop of about 160,000,000 bushels, as against the very large crop of 216,000,000 bushels produced last year. This would represent more than ten bushels to the acre, a reasonable average for that country, where yields are characteristically lower than in Canada.

Wide Margin For Error

Crop estimates at this time are likely to be more nearly right than those made earlier, but it must be remembered that there is still a wide margin for possible error. Australia's own needs are put at 50,000,000 bushels, so a crop of the size now estimated means an export surplus of about 110,000,000 bushels, or just about her allotted quota under the London wheat agreement.

In the Argentine in addition to unfavorable weather earlier in the season, locust infestation was expected to curtail the crop seriously. Less has been heard of locusts recently, and recent reports that the crop was expected to be up to average seem to ignore the possibility of damage, the season for which is still ahead. But that they are still in the picture is indicated by a dispatch the other day that farmers were refusing to buy sheet iron barriers to impede the progress of the hoppers, and instead were demanding that these should be furnished free by the government.

Champlain Oil Products Declare Initial Dividend

From Our Own Correspondent

MONTREAL.—Directors of Champlain Oil Products have declared a dividend of 15 cents a share on the preference shares. This initial dividend is for the quarter ended October 31 and is at the rate of 60 cents per annum. The preference stock was publicly offered two months ago.

Additional Grain News on page 15 this week

TORONTO ELEVATORS LIMITED

Two Modern Elevators
All Grades of Grain
Toronto - 2 Million Bushels
Sarnia - 3 Million Bushels
First to Open - Last to Close
MASTER FEEDS
For Livestock and Poultry
Toronto Elevators Ltd.
also Owning and Operating
The Sarnia Elevator Co. Ltd.
QUEEN'S QUAY · TORONTO

Lake of the Woods Milling Company, LIMITED

and Its Wholly Owned Subsidiary Companies

Consolidated Balance Sheet as at 31st August, 1933

ASSETS

		Consolidated Balance Sheet as at 31st Aug., 1933	*Consolidated Balance Sheet showing effect of proposed revision
PROPERTY ACCOUNT:			
Land, Water Power, Buildings, Machinery and Equipment, as per Appraisal, plus additions to date		$10,400,420.89	
LESS Reserve for Depreciation		2,518,860.05	
		$7,881,560.84	$5,475,024.67
DEFERRED CHARGES TO REVENUE		30,163.37	30,163.37
INVESTMENTS IN CONTROLLED COMPANIES (Held by the Trustee for the Bondholders)		2,314,961.44	679,270.00
INVESTMENTS IN AND LOANS TO OTHER COMPANIES		261,000.00	61,001.00
GOODWILL, TRADEMARKS, ETC.		250,000.00	250,000.00
CASH ON HAND AND IN BANKS	$115,245.58		
ACCOUNTS RECEIVABLE: After providing for Bad and Doubtful Debts	619,243.03		
WHEAT, FLOUR, FEED, BAGS, COOK BOOKS, ETC.: As per Inventories	$2,040,938.46		
		$2,775,427.07	2,775,427.07
		$13,513,112.72	$9,270,886.11

LIABILITIES

		Consolidated Balance Sheet as at 31st Aug., 1933	*Consolidated Balance Sheet showing effect of proposed revision
CAPITAL STOCK AUTHORIZED:			
200,000 Shares of No Par Value			
15,000 Shares of 7% Cumulative Preferred Stock of $100.00 each.			
ISSUED:			
148,000 Shares of No Par Value		$5,650,000.00	$2,960,000.00
311 New Shares not taken up		15,550.00	6,220.00
147,689		$5,634,450.00	$2,953,780.00
15,000 Shares of 7% Cumulative Preferred Stock of $100.00 each		1,500,000.00	1,500,000.00
		$7,134,450.00	$4,453,780.00
FIRST MORTGAGE BONDS 6% DUE 1st MAY, 1941: Issued and held by the Banks as Collateral to Loans	$4,000,000.00		
BANK LOANS SECURED AS ABOVE AND UNDER SECTION 88 OF THE BANK ACT.	3,244,000.00		
ACCOUNTS PAYABLE	419,812.41		
BANK OVERDRAFTS	80,171.57		
		3,743,983.98	3,743,983.98
RESERVES: Provision for Employees' Retiring Allowance	125,000.00		
Insurance Reserve	42,536.24		
		167,536.24	167,536.24
RESERVE FOR UNREALIZED APPRECIATION ON APPRAISAL OF PROPERTIES		1,561,556.61	
SURPLUS: Balance, 31st August, 1932	$604,887.87		
Profit for the year after providing for Income Tax but before providing for Interest and Depreciation $636,438.50; LESS Interest $210,740.48, Depreciation 125,000.00 = 335,740.48	300,698.02		
		905,585.89	905,585.89
		$13,513,112.72	$9,270,886.11

CONTINGENT LIABILITIES:
Guarantee of $1,514,500.00 5½% Bonds of Inter-City Baking Company, Limited.
On Customers' Paper under Discount $125,912.75.
NOTE: Dividends upon the Cumulative Preferred Stock accrue from 1st September, 1931.

On behalf of the Board: P. F. SISE, WALTER MOLSON, Directors.

Montreal, 4th October, 1933.

We have examined and audited the Books and Accounts of the Lake of the Woods Milling Company, Limited, and of its Wholly Owned Subsidiary Companies for the year ended 31st August, 1933.

The figure at which the Investments in Controlled Companies appears in the Balance Sheet as at 31st August, 1933, is, in our opinion, greatly in excess of to-day's value. It is proposed to take steps to reduce the book value of these Assets to what might be considered a fair valuation.

The Inventories of Stocks on hand have been certified by officials of the Companies, and we have satisfied ourselves as to the basis on which they have been valued.

Subject to the above remarks we report that we have obtained all the information and explanations we have required, and that, in our opinion, the above Consolidated Balance Sheet as at 31st August, 1933, is properly drawn up so as to exhibit a true and correct view of the state of the Combined Companies' affairs according to the best of our information and the explanations given to us and as shown by the Books of the Companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON, C.A., Auditors.

* The figures in the right hand columns show the position after giving effect to the reduction in Capital authorized by resolution of the Directors dated 28th September, 1933, which reduction is conditional upon the approval of the Shareholders and confirmation by Supplementary Letters Patent.

NORRIS GRAIN COMPANY LIMITED
Grain Exchange—Winnipeg 200 Bay Street—Toronto
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Consignments and Futures Solicited
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GRAND TRUNK PACIFIC ELEVATOR CO. LIMITED
LOCATED AT FORT WILLIAM ON C.N.R. & C.P.R.
ELEVATOR ABSOLUTELY FIREPROOF THROUGHOUT
OPERATED BY ELECTRICITY—CAPACITY 5,750,000 BUS.
Frederick B. Wells, President
J. E. Dudley, Vice-Pres. and Gen. Mgr.

LAKE OF THE WOODS MILLING CO., Ltd.
Makers of FIVE ROSES FLOUR
Mills at
Montreal, Brantford, Keewatin, Portage la Prairie, Medicine Hat
DAILY CAPACITY 20,000 BARRELS
President and Managing Director FRANK S. MEIGHEN, C.M.G.
Vice-President HUGH MACKAY, K.C.
General Manager C. H. G. SHORT
Directors
N. J. BREEN, JOHN W. HOBBS, HUGH MACKAY, K.C.
WALTER MOLSON, ISAAC PITBLADO, K.C., R. W. REFORD
RT. HON. LORD SHAUGHNESSY, K.C., PAUL F. SISE, G. W. ALLAN, K.C.
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Asst. Treasurer R. R. HUTCHISON

FEDERAL GRAIN LIMITED
OPERATING-TERMINAL-ELEVATORS
FORT WILLIAM—PORT ARTHUR—VANCOUVER
423 COUNTRY-ELEVATORS-THROUGHOUT-THE-WEST
101-COAL-SHEDS
OUR-SERVICE-AND-FACILITIES-GUARANTEE-SATISFACTION

WESTERN GRAIN COMPANY LIMITED
Country Elevators Serving the Producers
in
MANITOBA, SASKATCHEWAN AND ALBERTA
WESTERN TERMINAL ELEVATOR, FORT WILLIAM
Cash and Futures Business Solicited
HEAD OFFICE, GRAIN EXCHANGE, WINNIPEG

RELIANCE GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
New York:
Smith Murphy Co. Inc., 510 Produce Exchange
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

McCabe Bros. Grain Co. LIMITED
WINNIPEG, MAN.
GRAIN COMMISSION MERCHANTS
Shippers and Exporters
All Grains-Sacked Feeds
Operating Country Elevators
MANITOBA
SASKATCHEWAN
ALBERTA
Branch Offices:
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(Capacity 5,500,000 bushels)
Over 250 Elevators in Western Canada

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Your Investments

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How U. S. Recovery Plans Influence Stock Markets

Business Cycle Eight Months Long Described by Ames & Co. in Monthly Letter — Sweeping Commodity Rise Impossible

In response to the suspension of the gold standard in April and the depreciation of the foreign exchange value of the United States dollar came a spectacular reversal of American psychology, say A. E. Ames & Co. in their November letter. Where before there had been the prevailing preference for the hoarding of cash, there was now eager buying of commodities and stocks and a flight of capital to foreign countries. Soaring prices accompanied the depreciation of the dollar and industrial production, spurred by the real or imaginary needs of buyers anxious to anticipate higher prices, mounted at a rate said to be twice as fast as in any similar period of business recovery.

In July a reaction in prices and production occurred, particularly in the latter, and it has been extended until recent days. A moderate business cycle has, therefore, been compressed into the period of eight months and it is of value to draw whatever tentative conclusions can be reached from this short span. In briefest form these tentative conclusions might be summarized as follows:

Sweeping Rise Impossible

1. In the present condition of unemployment and curtailed incomes, no sweeping rise in commodity prices or the cost of living can be sustained by the American people. Any fulfilment of the desire to bring prices back to so-called normal levels must be attained relatively slowly in order that it shall not outrun the growth of employment and public purchasing power, thereby actually contributing to the growth of want and suffering. People cannot buy unless they are employed and earning sufficient to pay the higher prices.

2. It is evident, therefore, that the N.R.A. and other adjusting agencies are an essential part of the recovery programme in the sense that, by national co-operative effort, they seek to raise employment and public purchasing power in conformity with rising prices. Their success rests upon the assumption that the upward trend of prices can be continued by monetary means, and that increasing turnover will compensate for higher labor costs. Industry cannot pay the higher costs unless a larger volume of sales is bringing in the required income.

Other Considerations

3. It would be premature, however, to make the assumption that the American price level can be permanently manipulated upward and eventually stabilized on a sound money basis unless the world level also rises. The word inflation connotes rising prices but it would not be safe to conclude that the April to July rise was engineered entirely by monetary means; on the other hand, it may have been merely a temporary result of a mass opinion that prices would rise steadily and they did rise, not because there was more inflated money in use, but because of a swift flight from cash to commodities and stocks. In other words, it was probably the fear of inflation rather than inflation itself that brought rising prices.

4. Certain it is that in spite of lavish expenditures upon public works and generous public loans for useful purposes the rise in prices has not and could hardly have been expected to keep pace with the depreciation of the dollar. To initiate the programme the federal debt has been increased from $20,454,108,020 in February to $22,671,213,280 in October. The foreign exchange value of the United States dollar has depreciated about 35 per cent and the price of gold has risen about 51 per cent in the United States, but the index of 784 representative commodity prices has risen only 18 per cent since April, 1933, and is still 29 per cent below the 1926 level.

Faulty Technique

5. This failure of commodity prices to rise proportionately to the full depreciation of the currency seems to be due to a fault in inflation technique which receives scant attention. It has become apparent that, while governments are able to issue money by inflationary means, they have as yet found no sure method, outside of virtually complete destruction of credit, either to keep it circulating or to cause expansion of bank credit — both of which are essential to maintain a rise in prices. In the case of the United States nearly $500,000,000 of Federal Reserve funds have been forced since March upon already glutted money markets through open market operations. As shown in the accompanying chart, however, the net result has not been any marked expansion in commercial loans; on the contrary, it has merely permitted member banks to pay off indebtedness and accumulate reserves of $800,000,000 over and above that required by law. These reserves could support an expansion of bank credit many times their amount if a way could be found to bring them into use.

The difficulties besetting the American recovery programme are numerous, therefore, but with the growth of experience as the experiment proceeds, it may be that modifications of original intentions will bring the desired results. The programme rests, however, upon a fundamental assumption—denied in important quarters—that commodity price movements can be controlled by monetary manipulation and that the newly created purchasing power can be well distributed and actually utilized. In this connection the recent gold policy of the Administration contemplates control over the foreign exchange value and the internal purchasing value of the United States dollar by a process of domestic and foreign purchases and sales of gold with the purpose of minimizing violent short term fluctuations that might otherwise occur.

Hastily Initiated

The American recovery programme has been hastily initiated at a time when signs of economic recuperation are not wanting in many countries. To that extent it will be helped by external influences. If, however, it is realized that recovery from four years of depression cannot be accomplished in a few months there will be less impatience than has hitherto been manifested, and impatience to try unsound expedients is probably the greatest danger the experiment faces. Because of the acuteness of the emergency, honest planning deserves a trial but it is an axiom that economic society can divide only what it produces. To increase the currency and cheques with which we do business does not of itself increase the available goods and services to be used; to curtail the products of industry and toil even for the purpose of raising prices will not meet the material requirements of people whose wants are unlimited. The conclusion must be reached, as it has apparently been reached by the Roosevelt administration, that the problem is not a simple one of monetary manipulation; it requires, in the final analysis, a co-ordination of all the complex forces at work in modern economic society.

Enquiries

Chemical Research Corp.

I hold some shares in the Chemical Research Corp. but have very little information on the company and have never received a financial statement that shows the company's earnings position. Will you please give me what information you can on its affairs?

Chemical Research Corp. is a holding company which has a 60 per cent interest in the Gyro Process Co., holding patents covering the manufacture of gasoline through cracking crude oil by the Gyro vapor phase process. Neither the company nor its subsidiary manufactures or sells either equipment or products. Any revenue is derived from its interest in the Gyro Process. The Alco Products, Inc., is the exclusive licensing, engineering and sales agent for Gyro Process throughout the world, except Canada, where the McColl-Frontenac Oil Co. holds exclusive rights. To date Chemical Research cannot be said to have enjoyed success because of the chaotic state of the oil industry and because the larger oil companies each has its own process of cracking and none is disposed to pay royalties to utilize the Gyro process.

In addition to its 800,000 shares outstanding, the company has a funded indebtedness of $150,000. An initial dividend of ten cents per share was paid on December 21, 1931, but no further dividends are imminent and in the absence of an income statement the affairs of the company are obscure.

Calgary Power

Will you be good enough to give me an explanation of the bank loans in Calgary Power's last balance sheet? Does the company pay interest on the bonds put up as collateral? Also can you tell me where the income account shows the payment of interest on the loans?

Bank loans shown in the balance sheet of Calgary Power Co. represent advances made to the company in order that it might secure control of the Ottawa Valley Power Co. At the end of 1932 the company had advances totalling $1,937,000. As security for these loans, the company advanced to the banks $2,600,000 of its own first mortgage bonds. These bonds, of course, are collateral security only and the company does not pay interest on them. Interest on the loan is paid direct by the company. The reason you do not see it set out as a separate item in the income account for 1932 is that the item "other income" of $119,231 represents the net amount received by Calgary Power from its holdings in Ottawa Valley Power Co. after paying interest on the bank loans.

Steel of Canada

Can you let me have some information on the preferred stock of Steel Co. of Canada? Is it convertible into common shares?

Steel of Canada's preferred stock is favorably regarded. While earnings of the company have not been altogether satisfactory in the past year, the company in good years has built up sufficient reserves to enable it to take care of the dividend on the preferred stock, without impairing its position.

Steel of Canada's preferred stock is not convertible. It does participate rateably with the ordinary shares in the distribution of net profits after the ordinary shares have received dividends equal to those paid on the preferred shares. In this connection we might point out that the company is liable to arrears of dividends of approximately $5,000,000 on the ordinary stock before there can be any increase on the preference over 7 per cent. Future dividend action will be governed by a decision handed down by the Privy Council; any change in dividends is to be postponed until the business oultook has clarified.

Defaulted Bonds

I hold bonds in Dominion Square Corp. and Canada Steamship Lines. I have not received any interest payments on these bonds for some time and would like to know where I can get information on their current position.

Both the Dominion Square Bldg. Corp. and Canada Steamship Lines have defaulted the obligation in respect to their bonds. Bondholders' Protective Committees have been formed to investigate affairs of both companies.

If you will write to the secretary of the Bondholders' Committee of the Dominion Square Corp., Royal Bank Bldg., Montreal, you will secure information as to the current situation on this company.

A communication to the secretary of the Bondholders' Protective Committee, Canada Steamship Lines, 355 St. James Street, Montreal, will bring you similar information in respect to Canada Steamship Lines.

Galt Brass

We have a client holding the preferred stock of the Galt Brass Manufacturing Co. and we would very much appreciate receiving all the information you have available on this situation.

Galt Brass Manufacturing Co. has approximately $87,000 of 7½ per cent first mortgage bonds outstanding ahead of the preferred stock and the bonds have been in default since May, 1932. The company is dependent upon the activities in the building trade as it manufactures plumbers' brass goods, toilet tanks, etc. In the past year, the company has almost broken even on operations before provision for bond interest. There is no market for the bonds which are nominally quoted at 20 to 30. The business is being financed by a bank at the present time which holds $25,000 of bonds as collateral for loans, and it would appear that eventually there must be a reorganization of the capital structure or provision of new capital from some source.

The preferred stock is very closely held, is not listed and as far as we are aware has no market. If bondholders foreclose on the property the preferred shares would have practically no value. The company has never issued an earnings statement to the public.

Great Lakes Paper

What is the position of Great Lakes Paper Co.? Bonds of this company have been offered to me recently at 24. Does the position of the company justify investment in these bonds at this figure?

Bonds of Great Lakes Paper Co. can only be regarded as a speculation but since early 1931 when the company went into receivership operations have been on a basis that has enabled the receiver to build up cash reserve after paying all operating costs although the company is not earning its full bond interest. The position of the company has been improved during the current year due to the fact that all paper produced this year has been sold direct to customers whereas previously the company had been filling orders arising from contracts held by Minnesota & Ontario Paper Company. The mill of 100,000-ton annual capacity, located at Fort William is a low-cost producer and given a better price for newsprint should result in a profit sufficient to pay bond interest.

Within two or three weeks a statement on the company's operations will be issued by the National Trust Co. acting as receiver and manager. This report should give definite indication of the progress that has been made in the past two years.

York Township Bonds

Would you please advise us what position the bondholders of the township of York, Ont., are in on the issue that was defaulted on Oct. 1, and also on all outstanding issues that have been made by the township of York?

All bondholders rank equally in a municipal default. You will find a record of recent tax collections in The Financial Post of Sept. 30, news of the default in the issue of Oct. 7, and a survey of the outlook in the issue for Oct. 14.

Large bondholders have agreed to allow the township to refund its debt for a longer term. This can only be accomplished under present legislation by appointment of a supervisory board. Such a group may be appointed to take charge only for a few months, while the refunding is sanctioned and carried out. Smaller bondholders would have to fall in line with the arrangement made by a supervisory board with a majority of the creditors. The township appears able to pay its interest, if principal payments are deferred, and if rigid economies are practised.

Alberta Bonds

I have $5,000 to invest and am anxious to put it into a safe investment with the highest possible interest as I wish to augment my income. An Alberta bond was suggested to me but do you think possible inflation would detract from its value and income?

Credit of Alberta is ranked as the best of the four Western provinces. Crops in some sections of the province have been good this year, despite generally poor conditions in the West. Prices are still too low to ensure a profitable return to all farmers and hence increased provincial revenue. However, the budget position has been improved, the deficit having been cut from about $5,000,000 to about $2,000,000 in the last fiscal year. Bond men feel that the Dominion would not allow a Western province to default, although there is no guarantee of this, if present depression conditions were to last for some time in the West.

As to inflation, it has yet to appear in a malignant form in Canada. Some rise in prices of raw materials could occur without unduly hurting the bondholder. This is because retail prices rise less than wholesale and commodity prices under inflation. However, rising prices do deprive bondholders of some purchasing power. But in the case of Alberta bonds a moderate rise of farm prices would perhaps do more good to the bonds than the harm caused through slightly higher retail prices. Drastic inflation sufficient to materially hurt high grade bonds appears to be unlikely in Canada.

Simpson's

Will Simpson's resume interest on its 6½ per cent bonds as soon as it can?

Simpson's has never stopped payment of interest on its bonds. It may be that you are referring to dividends on its 6½ per cent preferred stock. Before dividends on the preferred stock can be paid the company will require active business for a long enough period to recoup it for the inventory losses made in three years of price decline. Much will depend on the amount of Christmas business received this year. Up to September the company had a better situation than in 1932 and will be able to pay its interest on both the bonds of the Robert Simpson Company and of the parent company, Simpson's Limited and on the preferred stock of Robert Simpson Company.

East Crest Oil

What is the outlook for dividends from East Crest Oil Co.? The shares had a flurry recently and I was wondering if the company's position had improved.

East Crest Oil Co. has three producing wells, but like other producers in Turner Valley has come under the Government's conservation measure with the consequence that earnings have declined.. The company's last report did not show any worthwhile current assets. A few weeks ago it was reported by officials that its cash position was better and that a financial statement would be issued shortly, none having been available since February, 1932. The company is reported to have recently acquired an interest in gold mining prospects in the Nelson area of British Columbia and in the Flin Flon area of Manitoba. These cannot be considered of great importance at the present time as they are not producing and their potentialities yet remain to be demonstrated. The company had at one time what was regarded as one of the best wells in the Turner Valley field.

Hiram Walker

May I compliment you on your survey of the Hiram Walker situation? Do you consider this a buy?

The Financial Post does not advise the purchase of any particular stock because it cannot be on hand to say when, in its opinion, each individual should sell the stock. As each investor has to determine on his own responsibility the proper time to sell the stock it is better that he should likewise make the decision as to what to buy Our service is mainly intended to give as closely as possible the salient considerations on which a subscriber would base an investment. The survey of the Hiram-Walker situation was made up from the information then available and prices now being paid for whisky were obtained from what we consider reliable sources.

As stated in a previous article there are apt, for the next two or three years to be considerable ups and downs for the distillery stocks as changes develop in the situation. For instance, there is the great unknowable feature in the future taxes which the U. S. administration will decide to levy. Naturally the customs taxation will be of utmost importance in assessing the prospects of any Canadian distiller. If taxation is pretty low in order to eliminate bootlegging, and unless import is barred, the Walker situation appears quite favorable.

Gatineau Power

I am considering purchasing some of the Gatineau Power Co. 5 per cent bonds and would like to have your opinion as to the ability of the company to maintain interest payments.

The Gatineau Power Co. 5 per cent first mortgage bonds are well regarded in their class. While the company markets a large proportion of its output with newsprint manufacturing companies, its revenue from contracts with the Ontario Hydro-Electric Power Commission and the Gatineau Electric Light Co. assure it of sufficient income to take care of operating expenses and interest charges on these bonds. This, of course, does not make allowance for substantial revenues received from Canadian International Paper, Canada Cement, Ottawa Light, Heat and Power, Fraser Companies and other purchasers of power in wholesale quantities. The company's reports in recent years have indicated a growing earning power and interim statements for 1933 do not show any evidence of a reversal in earning. The company is meeting interest payments promptly and there does not appear to be any reason why these payments should not be met.

"We now have attained the position of being the strongest financial country in the world."—*Rt. Hon. Walter Runciman, M.P., president, British Board of Trade.*

Rackets

Racket: "A trick, dodge, scheme, game, line of business or action."—Shorter Oxford English Dictionary.

High-grading Syndicate

UNITED STATES federal officials at Detroit recently stated that the arraignment in federal court of Charles M. Armstrong on a charge of making false affidavits, has revealed the existence of a syndicate which has been buying gold, stolen at mining fields in Northern Ontario and selling it to the United States at the Government assayers' office in New York as newly-mined American gold.

* * *

Nursery Stock Fakirs

BE ON guard against Nursery Stock Fakirs," warns J. A. Carroll, superintendent of horticultural societies in Ontario. "One community recently parted with several hundred dollars as advance on nursery stock to be delivered next spring. It has now been learned that the firm supposedly represented does not exist. There are many reliable firms in Ontario," states Mr. Carroll, "and no one should purchase from a stranger without being sure of his credentials."

* * *

Second-hand Withdrawals

BANKS, as depositaries of wealth, have an irresistible attraction for crooks who have developed numerous rackets to achieve wealth. That the attraction is often fatal for the continued freedom of the forger is due to the protective measures taken by bankers. These measures depend not only upon constant vigilance by members of the bank staff but upon a high degree of co-operation between banks so that a scheme once worked successfully on one bank has much less chance of succeeding with another.

One method used by forgers is to use an innocent intermediary such as a telegraph messenger, chauffeur, taxicab driver, stenographer, etc. In a recent case in the United States taxicab drivers were employed as passers by the forgers.

In each of the latest cases, a taxicab driver called at the bank and deposited two cheques to the account of one of the bank's customers. These items were drawn on a bank in a neighboring town. At the same time he presented a cheque payable to cash and bearing the forged signature of the depositor, and requested that it be cashed; and he usually was accommodated. On the following day, another driver called and went through the same procedure.

One bank became suspicious when the taxicab driver attempted to make a withdrawal, and detained him. But he later satisfied local police with his statement that a man had hired his taxicab and asked to be driven to a local hospital, that on arrival his fare entered the hospital but soon returned claiming that he needed funds immediately to pay for an emergency operation on one of his relatives, and that he gave the driver the cheques and requested him to return to the hospital with the money to be secured by encashment. Although many messengers employed by forgers are innocent dupes, in some cases they act in collusion. One taxicab driver who later confessed that he was in league with the crooks, at first steadfastly maintained his innocence, telling the same story about being picked up by a fare whom he drove to a hospital, etc. Agents disproved his contention and he was later convicted.

Where the messenger employed is in reality an innocent dupe, one member of the gang observes him when he is hired, and then goes to the vicinity of the bank in which the forgery is to be presented. If the bank becomes suspicious concerning the transaction and detains the messenger, or if any excitement is displayed in the bank, this crook telephones the other at some pre-arranged point and warns him.

Mining Enquiries

Mining questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published on this page. We cannot extend this service to non-subscribers. A three-cent stamp or stamped envelope must always be enclosed to cover the direct reply. Write general investment and insurance enquiries on sheets separate from mining enquiries. No answers can be given by telephone or telegram.

Macassa Gold Mines

What can you tell about the profit possibilities of Macassa Gold Mines? Where is the property located and do you consider that it has able management?

Macassa Gold Mines is the most westerly producer on the main break at the Kirkland Lake camp, the largest gold producing area in Ontario. It started into production a couple of weeks ago with a new 200-ton mill and is known to have sufficient ore for its immediate requirements and in a delimited ore zone to have prospects for further ore. In this zone the profit should be sufficient to return the cost of all development and construction programmes. The outlook for making a really big and profitable mine is dependent on the success attending developments along the main unexplored break of the camp, some 4,500 ft. across the company's property. The company is directed by experienced mining men and is headed by Robt. A. Bryce as president. The shares are now to be reduced, old shareholders receiving one new share for each two shares in the present company.

Dorval-Siscoe

What do you think of Dorval-Siscoe Mines as a speculation in a young property?

Dorval-Siscoe Mines is a recent incorporation to finance the development of some claims adjacent to the Siscoe Gold Mines. Some of the latter company's officials are interested in the new company and it is claimed that the geological formation is similar to that of Siscoe. Diamond drilling in 1933 was of an encouraging nature. Only time and an intelligently directed and well financed development programme will determine the potentialities of the property.

McVittie-Graham

What is the connection between McVittie Graham Mines and Veraguas Mines? How do you regard McVittie-Graham Mines as an investment?

McVittie-Graham Mines owns 56 per cent interest in the Veraguas Mines in Panama, which is just about ready to start production. This property has been reported on by John Reid, one of Canada's eminent engineers, as one of the richest showings he has ever encountered. McVittie-Graham acquired this interest by loaning Veraguas the principal funds required to get into production. It is to get the return of this loan with interest from the first earnings by the company, after which it stands to participate in any dividends.

The company enjoys excellent management and shareholders are assured fair treatment, but what earnings will be from Veraguas is an indeterminable factor in appraising the value of McVittie-Graham until production is established.

Parkhill Gold Mines

How do you regard Parkhill Gold Mines as an investment? Has it made a profit to date from its operations? What is the ore position?

Parkhill Gold Mines has an interesting little property in the Michipicoten area of Ontario. Initial production has not been sufficient to pay all operating and development expenses. The ore is high grade, but erratic and confined to one presently known ore shoot, which has necessitated the company carrying out extensive development programme at depth. A couple of months ago operations were suspended to allow development work to build up ore ahead of the milling requirements. Milling operations were resumed recently. A well financed extensive development programme to explore other areas of the property has not been possible due to the company's financial position. The company enjoys excellent management, but has not demonstrated that it is a profitable undertaking.

Monthly Investment Guide

OUR November booklet "Investments" giving the price, yield and maturity of a selected list of Dominion Government, Provincial and Municipal Bonds, is now available.

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Bank Chat on Current Topics

Money Made Simple

TO A world beset with monetary problems the following simple tale of the simple Island of Yap may carry some moral. As related in the American Banker, it runs as follows:

"The money of Yap consists of large, solid, thick stone wheels ranging in diameter from a foot to 12 feet, with holes in the centre.

"When the German Government purchased the Caroline Islands from Spain in 1898, there were no wheeled vehicles on Yap, and hence no roads. The Government wanted roads, but the natives were satisfied. Besides, they didn't like to work.

"But the German Government hit on a sound scheme. They sent a man around to mark some of the most valuable stones with a cross in black paint to show confiscation by the Government. The natives, impoverished, deprived of their shibboleth of stability, immediately fell to work, and put the roads in order. Thereupon, a second man went around for the Government to remove the crosses. This restored credit, and business went on as usual, midst great rejoicing in Yap.

"Some heretics profess to discern a connection between the procedure on Yap and the earmarking and de-earmarking of gold. But they are just heretics. To Yap mit 'em!"

* * *

Mr. Bennett Arouses Comment

WHEN Mr. Bennett remarked in Winnipeg that Canada was to have a central bank he released a flood of editorial comment throughout Canada that has now run into many columns. From the attention given his statement it is apparent that the report of the Royal Commission on Banking and Currency will arouse more than usual interest from coast to coast and this in itself should stimulate debate in the Federal House of Parliament on the recommendations that the report will contain.

There is no official indication as to when the commission's report will be made public although reports from Ottawa would seem to indicate that it might be given out at any time. There is some possibility that, in addition to the report, there will be printed all of the evidence presented to the commission.

Staff Changes

The **Imperial Bank** announces the following staff changes:

W. L. GILLILAND, manager, Regina, Sask., has been appointed assistant western superintendent, Winnipeg, Man.

F. W. SCRIMES, manager at Saskatoon, Sask., for the past 12 years has been appointed manager, Regina, Sask.

J. A. G. CLOKIE, at present attached to the western superintendent's department, Winnipeg, has been appointed manager, Saskatoon, Sask.

A. YOUNG, supervisor, Winnipeg, is being transferred to head office, Toronto, as supervisor, and R. M. VIRTUE, inspector, head office, Toronto, has been appointed supervisor, Winnipeg, Man.

C. G. DUNNING, assistant supervisor, Bank of Montreal, has been appointed assistant superintendent of Alberta branches in Calgary. F. G. BELCHER, Toronto, will take over his Regina post. Mr. Dunning came to Regina from Lethbridge, five years ago.

A. F. McALPINE, assistant manager of the King St. West, Hamilton, branch of the Royal Bank, has been appointed manager at Brantford branch.

The **Canadian Bank of Commerce** announces the following staff changes:

J. M. SUTHERLAND, of the staff of relieving managers, head office, has been appointed manager at Birch Cliff, Ont.

W. LINGINGS has been placed in charge at Cadogan, Alta.

A. G. BAKER, manager at Cadogan has been appointed manager at Peace River, Alta.

H. M. PORTEOUS, formerly in charge at Ilderton, Ont., has been appointed manager at Port Stanley, Ont.

Current Banking Events

Reasons for Refusing Loan May Aid in Getting Business

Bank Managers Can Offer Constructive Criticism of Financial Statements of Those Desiring Loans — Remove Feeling of Antagonism

"It is possible that a very considerable portion of such antagonism to banks as exists is contributed to by the fact that managers do not point out to their customers their reasons for refusal of credit," states an article in a recent number of the Royal Bank Magazine. The instance is given of a case where an officer of a company approached one of the managers of the bank and complained that when he had asked for credit at another bank he had been simply turned down without explanation.

The writer states that this is a case where the bank manager should be prepared to give constructive criticism and if he is not prepared to grant a line of credit he should be able to show his customer why he does not do so. If the weakness is in the financial statement of the company seeking credit, the weak points should be pointed out to the applicant and such constructive service would aid in building goodwill for the bank.

Statement Shows Weaknesses

A statement of the company on which the bank based its refusal of credit is presented as follows:

JOHN DOE & CO.
Balance Sheet as at December 31, 1932

Assets	$
Current assets:	
Cash on hand and in bank	2,156
Accounts receivable	32,418
Mdse. inventory	68,000
	102,573
Prepaid expenses:	
Advertising, printing, office supplies	5,000
Equipment after *deprec.	7,790
Organization expenses	1,902
	117,265
Liabilities	
Current liabilities:	
Notes payable, bank	11,000
Accts. & bills payable	24,380
	35,380
Capital stock	113,297
Less: Profit and loss	32,485
Add: Profit & trading statement	1,073
	117,265

*Depreciation reserve was $796.

Trading Statement, Jan. 1, 1932, to Dec. 31, 1932

	$
Sales for period	74,265
Cost of goods sold:	
Inventory	67,480
Purchases	36,536
Freight & duty in	4,862
	108,878
Less: Inventory	68,000
	40,878
Gross profit	33,387
Sell. expenses:	
Sales, freight, express	702
Advertising	1,624
Travellers' salaries	4,225
Travellers' expenses	2.881
	9,432
Gen. & admin. expense:	
Warehouse salaries	3,515
Office salaries	12,517
Rent	3,500
Printing, etc.	685
Telephone & telegraph	509
Sales discount	120
Int. & bank charges	1,025
Postage & excise	286
Gen. expenses	561
Commission	163
	22,883
Net trading profit	1,073

The John Doe Co. is engaged in handling staple goods of a nature that does not require any change in form from the time the goods are received until disposed of. An inspection of the stock showed it to be well kept with no evidence of over supply in any line handled and no unsaleable merchandise on hand, although the inventory looks large in relation to turnover.

Receivables High

Analysis of the statement shows that accounts receivable of $32,418 are out of line with the amount of business transacted. Sales for the year total $74,265 and were made on terms of 30, 60 and 90 days. Investigation shows sales about equally divided in each of these three classes. It is, therefore, apparent that accounts receivable should not exceed the equivalent of two months sales or 16.6 per cent of the total which equals $12,377. This would indicate $20,040 past due accounts on the books.

Advertising material is not a realizable asset and is of value only to a going concern and no valuation can be placed on this. Organization expenses must also be eliminated. Equipment carried, $7,790, consists of shelving, show cases and fixtures, which are of a value only to a going concern but have possibly a 20 per cent realizable value at the present time. The figures arrived at therefore are as follows:

Assets:	$
Cash on hand	2,156
Accounts Receivable, Current	10,000
Accounts past due estimated realizable after careful analysis	10,000
	22,156
Stock on hand estimated realizable value	45,000
	67,156
Equipment—20% of value shown	1,560
	68,716
Liabilities:	
Bank Loan	11,000
Accounts and Notes Payable	24,380
Surplus	33,336
	68,716

The analyzed statement shows a satisfactory liquid position with liquid assets of $67,156 against current liabilities of $35,380. It is a position, however, which can be materially improved by progressive collecting methods.

Trading Account Analyzed

The trading account shows total sales were $74,265 with a gross profit of $33,387. Selling expenses of $9,432 equal to 12.7 per cent. Office expenses and management salaries total $12,517 or 16.9 per cent which is out of proportion to the business transacted. In management and office salaries total 29.6 per cent of the sales. It is also felt that premises occupied at a rental of $3,500 per year are more expensive than are required and that economy could be effected in this item. Other operating costs appear to be in proper proportion to the business transacted.

Management Weak

The business gives evidence of lacking in efficient management. The matter of collection of accounts should be followed closely. Gross profit shows that the business is a profitable one, but this is more than offset by excessive operating costs. No reserve has been set up against accounts receivable and the reserve for depreciation in equipment is considered insufficient. If proper appropriation for reserves had been deducted from the year's earnings a substantial loss would have been shown. It is felt that the business is capable of making satisfactory progress, but the management requires considerable constructive criticism on the part of the banker handling this account in order to effect the necessary improvement.

Foreign Exchange

CANADIAN dollars reached the highest point in New York since September, 1931, in the week ended Oct. 30, largely because of the Roosevelt gold manipulation schemes. Bewilderment as to just what Mr. Roosevelt wants to do with gold and the dollar is confessed by expert exchange students. Close observers say that it is not inconceivable that the American dollar will go to a discount in Canada.

Accredited authorities feel that the American gold programme has added to the uncertainties of international commerce. If the aim of the American policies is to prevent exaggerated fluctuations of the dollar, it is expected to get conservative approval. Co-operation with the British equalization fund might develop. Inflationists in the United States are reported jubilant, however, as the Rooseveltian price-raising efforts appear unsuccessful. They hope to see Washington forced into more radical measures than gold manipulation.

* * *

FRANCE lost some 500,000,000 francs in gold in the two weeks ended Oct. 28. The net loss in the last year is about fr. 1,000,000,000, which, however, still leaves reserves of nearly fr. 72,000,000,000. Gold cover for notes remains above 100 per cent. The new Sarraut cabinet is committed to protection of the gold standard, it is reported. France will be inflating its credit structure to the extent that the budget remains unbalanced.

FOREIGN EXCHANGE
New York Funds

	High (Premium) %	Low (Premium) %	Last Year High (Premium) %	Last Year Low (Premium) %
Oct. 24	2 5-8	2 1-16	8 9-16	8 1-4
Oct. 25	2 1-4	1 3-4	10	8 5-8
Oct. 26	2 1-8	1 3-4	10 5-8	9 1-4
Oct. 27	2 1-16	1 29-32	11 1-8	10 1-2
Oct. 28	2	1 7-8	11 3-16	10 5-8
Oct. 30	1 3-4	1 7-16	10 11-16	10 1-2

STERLING, FRANCS AND LIRE
Close: Demand in New York

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Oct. 24	4.67	.0567	.0765
Oct. 25	4.75 1-2	.0588	.0792
Oct. 26	4.74	.0586	.0791
Oct. 27	4.71 3-4	.0584 1-2	.0789
Oct. 28	4.71	.0581	.0782
Oct. 30	4.79	.0585	.0802

Close: Demand in Toronto

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Oct. 24	4.87 1-2	0.0594 1-2	0.0804 1-2
Oct. 25	4.84 1-2	0.0601	0.0810
Oct. 26	4.83	0.0597	0.0806
Oct. 27	4.80 1-2	0.0598	0.0796
Oct. 28	4.80 1-2	0.0601	0.0801
Oct. 30	4.80 1-2	0.0601	0.0799

	Reichsmarks	Belga	Yen
Gold par	$0.238	$0.139	$0.498
Oct. 24	0.3623	0.2128	0.2909
Oct. 25	0.3668	0.2145	0.2930
Oct. 26	0.3652	0.2135	0.2933
Oct. 27	0.3606	0.2112	0.2971
Oct. 28	0.3611	0.2112	0.2983
Oct. 30	0.3638	0.2122	0.2964

Branch Changes

The Gorrie, Ont., branch of the **Canadian Bank of Commerce** was closed on October 31 and business was transferred to Wroxeter branch.

The Walton, Ont., sub-branch of the **Canadian Bank of Commerce** was closed on October 30 and business was transferred to Blyth and Brussels branches.

Record Lumber Exports

New Brunswick lumber exports for the five months of this year, April to August, totalled 44,866,000 feet which exceeds the shipments of any entire year from this province since 1929. The figures are for planks and boards.

Footnotes to Ottawa

An Occasional Department of Comment on the Background of Governmental Activities in the Nation's Capital

From Our Own Correspondent

Minimum Lake Rates

THE latest reaction in Canada to Roosevelt's New Deal is reported in the form of negotiations between United States and Canadian lake carriers for the purpose of fixing a minimum rate on wheat. In normal times lake rates on wheat vary from 6 to 7 cents per bushel but due to fierce competition in recent years rates have been driven as low as 2½ cents per bushel. The United States carriers, apparently, desire to bring lake operations under the N.R.A., which would involve the fixing of minimum rates on commodities comprising their freight. A minimum rate on wheat could scarcely be maintained without the co-operation of Canadian carriers. Hence the negotiations. The minimum suggested is 5 cents per bushel.

Another activity of the shipping interests which is attracting attention here is with respect to canal tolls. For reasons judged good by themselves, the Canadian shipping companies believe that a strong effort will be made to impose tolls on canals. They are vigorously opposed to this policy, believing the result will be to aid the railway companies. And they are understood to be preparing to launch a counter agitation.

* * *

More Subsidies to H. B. R.

THE end of state subsidies to the Hudson Bay route is not yet in sight. Hon. Harry Stevens, while on tour in Saskatchewan recently, announced that the Federal Government will assist cattle exports via the Bay in 1934 by providing equipment for ships. News reports put it that he promised to, "assist shipment of western cattle to Great Britain by arranging for the supply of a number of properly equipped vessels." This is not taken, here, to mean that the Government will charter the ships but it is understood that the Government will pay all or part of the cost of equipping these ships with cattle stalls.

* * *

More Help For West

FURTHER governmental assistance to the West comes in the form of a proffered change in the unemployment relief agreements between Ottawa and the western provincial Governments. There has been much controversy with respect to responsibility for unemployed single men. The provinces have contended that Ottawa should pay all this cost and Ottawa has conceded the claim, in principle, by creating work camps for single men and meeting all the costs thereof. But some single men cannot go to these camps either because of sickness or physical disability or family ties. Ottawa now offers to lend the provinces whatever money they may need to meet the expense of supporting these single men.

* * *

No Insurance Loan

SPOKESMEN for the C. C. F., seem to regard the times as propitious for the delivery of highly inflammatory and frequently inaccurate speeches. Elmore Philpott recently told an audience that the Dominion Government had made a large loan, secretly, to corporations. He was reported as saying: "Is it true or not that a huge secret loan has been made to one of the great insurance companies of Canada? I secured certain information in Ottawa three days ago that Premier Bennett used the same secret power (as in the C. P. R., guarantee) to make other loans to big corporations." This statement is categorically denied by the Government. No loan has been made to nor has one been requested by a life insurance company.

* * *

Nickel Furore

LARGE increases in exports of nickel coupled with the presence in Canada of a representative of a large chemical corporation of Germany (who desires to buy some 10,000 tons of nickel matte) have created something of a furore. It is commonly believed the nickel exports and the tremendous increase in production at Sudbury are the result of political uncertainty in Europe. Armament factories are finding plenty to do. On the contrary, however, it seems that the increased production at Sudbury is more apparent than real. Output has been very low in the past eighteen months but during this time the two producing companies have been working off their surplus supplies, reducing their inventories. With surplus stocks gone, ordinary production is being resumed.

* * *

A Combine in Meat

A NEW note of radicalism in speeches by cabinet ministers is taken, here, to mean that evidence has reached the Government strongly indicating that all is not well with certain classes of producers and wage earners. Mr. Stevens read the packing industry a lecture in a speech at Winnipeg. He intimated that if the industry did not see to it that farmers got a fair break in meat prices, the Government might enter the picture. The hint, no doubt, referred to the oft advocated Marketing Board.

The cause of this reference, however, is said to be a report made to the Government by private persons in which it is alleged that the meat packing industry is virtually a combine and that meat producers are being paid an unjustifiably low price. Whether or not the charge is true, is beside the point. It is true, however, that the Government has been deeply impressed and would like to do something to bring better meat prices to producers. Several courses may be taken. The Government may read the riot act to the packers and trust to achieve results in this way. Or the Marketing Board policy may be adopted and enacted next session.

* * *

Survey Textile Wages

ANOTHER story going the rounds, and well authenticated, concerns women employees of some of our textile mills. It appears that two gentlemen of high academic standing made a private investigation into textile wages this summer. The result is a report, based on barrels full of affidavits, showing that some thousands of women are working for about $3 per week. These gentlemen are reputed to be rather closely associated with the C. C. F., but either the original report or copies thereof have reached the cabinet. Some of the ministers are said to have become rather worked up over the situation—both from a political and a humanitarian viewpoint. It is rumored that Premier Bennett or one of his colleagues wrote a letter to Mr. Taschereau, pointing out that wages and hours of labor were under provincial jurisdiction. It seems that Mr. Taschereau was interested although whether anything has been done is not clear. The report, probably will reach the public from the C. C. F. benches in parliament next session. It will then be possible to judge of its accuracy.

Edmonton Bankers Hear Stevens at Lecture Club

Bankers in Edmonton have organized a lecture and social club and plan a series of lectures for the coming winter. The first speaker for the year was Hon. H. H. Stevens, Minister of Trade and Commerce, who spoke on October 23, while Prof. H. W. Hewetson, University of Alberta, spoke on "Speculation."

Officers of the Edmonton Bankers' Lecture and Social Club have been elected as follows: G. R. F. Kirkpatrick, Imperial Bank, honorary president; J. Vereker, Imperial Bank, president; H. Illingworth, Canadian Bank of Commerce, vice-president; L. G. Graban, Imperial Bank, secretary-treasurer; executive committee: F. W. McTear, Bank of Montreal; F. W. Robinson, Bank of Nova Scotia; J. A. Turcotte, Banque Canadienne Nationale; D. N. Wade, Royal Bank; J. Morrison, Dominion Bank; J. Souter, Bank of Toronto. Managers of banks which are members of the Edmonton Clearing House Association are honorary vice-presidents of the club.

Weekly Bank Clearings

	Oct. 26 1933 $	Change year ago %	Oct. 19 1933 $
Halifax	1,947,101	+10.6	2,127,447
Saint John	1,530,110	—8.1	1,704,148
Moncton	711,114	—0.1	673,836
Sherbrooke	516,982	+3.6	596,589
Quebec	3,427,624	+19.1	3,968,937
Montreal	77,039,816	+11.6	101,296,670
Ottawa	4,184,654	+12.2	4,202,341
Kingston	451,087	—3.8	549,965
Peterborough	531,310	+7.5	605,486
Toronto	109,522,043	+40.9	114,982,414
Hamilton	3,613,602	+19.4	3,779,127
Kitchener	806,517	+12.0	988,974
Brantford	858,096	+32.5	747,840
London	2,632,321	+11.6	2,555,605
Chatham	427,748	+16.2	451,506
Windsor	1,925,235	+8.3	1,891,496
Sarnia	329,281	—8.0	360,109
Sudbury	594,017	+42.0	569,771
Ft. William	555,585	+27.6	601,550
Winnipeg	64,210,207	+23.8	64,402,528
Brandon	306,776	—0.6	379,840
Regina	4,122,408	—7.1	4,982,962
Moose Jaw	463,784	—32.1	675,445
Saskatoon	1,319,764	—17.3	1,567,461
Edmonton	3,044,609	—7.7	3,715,640
Calgary	5,299,369	—20.9	6,046,443
Medicine Hat	187,496	—17.5	247,603
Lethbridge	332,835	—10.5	431,478
N. W'minster	407,703	—1.4	435,834
Vancouver	13,841,384	+13.8	14,404,201
Victoria	1,310,170	+14.2	1,707,353
Pr. Albert	246,258	—4.8	303,628

Commercial Alcohols Stock Split is Approved

From Our Own Correspondent

MONTREAL.—Shareholders of Commercial Alcohols Ltd. have approved of a by-law whereby the common stock of the company is subdivided into 150,000 shares of no par value instead of 30,000 shares of no par value common stock as at present.

At the end of the past fiscal year the company had outstanding 20,000 shares, so that under the new arrangement, the company will have 150,000 shares of which 100,000 shares will be issued, leaving 50,000 shares which are reserved under the conversion privileges attaching to the bonds.

Dosco and Mine Workers Reach Wage Agreement

From Our Own Correspondent

MONTREAL.—Wage negotiations between the United Mine Workers of Nova Scotia and the Dominion Steel and Coal Corp. have been concluded. No announcement has been made as to the conclusions arrived at, but it is understood the existing agreement will be renewed for another year.

The contract between the miners and the corporation expires shortly and the negotiations, just concluded, were for the purpose of drawing up a new agreement.

Output Figures Reflect Canada Cement's Position

From Our Own Correspondent

MONTREAL.—Figures on cement production are in line without current expectations that Canada Cement Co. will about earn its bond interest, without provision for depreciation, during the fiscal year ended November 30 next. For the first seven months of 1933 production totalled 1,503,364 bbls. This compares with 2,782,574 bbls. for the corresponding period of 1932, a decrease of about 1,380,000 bbls.

B. C. Pulp and Paper Pay "B" Coupon Interest

From Our Own Correspondent

MONTREAL. — British Columbia Pulp and Paper Co. has intimated that 6 per cent first mortgage bondholders the interest coupon "B" representing the interest which will fall due on November 1 and which it was arranged to postpone will become payable on December 1.

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TWO PARTY SYSTEM GIVEN NEW STIMULUS

(Continued from page 9)

ity—provided it does not die in the meantime.

In any event, there is to be no mushroom growth as the C. C. F. leaders hoped. The Mackenzie by-election proves conclusively that the third party possesses none of the elements which carried the Progressive movement to astounding electoral success in the course of two years. And this is no biased view of Mackenzie. Modern Political history reveals the two "third" party movements have been carried to success but each time they heralded their triumph by displaying unexpected strength in by-elections. The Nationalist party of Quebec wrested Drummond-Arthabaska from Laurier in 1910 and clearly foreshadowed his defeat one year later. The Progressive movement, with a then unknown man as their candidate (Robert Gardiner), entered the Medicine Hat by-election in 1919 (occasioned by the death of Hon. A. L. Sifton) and put the old parties to route.

C. C. F. Had Headstart

The Mackenzie by-election was held under circumstances peculiarly advantageous to the C. C. F. The party has now been fully organized, has placed a complete Federal legislative programme before the country, and has strenuously campaigned throughout all provinces for more than a year. The seat was preponderantly radical. Moreover, it was in the very heart of the territory in which the C. C. F. must make great gains if it is ever to amount to a national force. Numbering the U. F. A., as its adherents, the C. C. F. already holds most of the Alberta constituencies and has small opportunity of gaining in that province. It is commonly conceded that the third party has made little if any impression upon rural Manitoba. Under the most favorable circumstances the C. C. F. could not hope to gain more than two or three seats there. But in Saskatchewan, where the two old parties held most of the 21 seats, the radical group fully expected to add a dozen or more to its parliamentary strength—thereby lifting it out of the category of being small and unimportant. And Mackenzie, admittedly, is in the centre of the most radical section of that province.

In addition, the C. C. F. had a candidate of outstanding appeal in L. St. G. Stubbs, ex-judge of Winnipeg, whose retirement from the County Court bench last spring attracted national attention. If the C. C. F., as Mackenzie proves, cannot hold its own in the radical areas of the west, there is small hope of the group increasing its strength elsewhere in the next Federal election.

Effect on Government

Of immediate interest is the effect of the by elections on the task of Government. It is a matter of opinion whether or not the Bennett ministry has been weakened by the results of these contest. If it be assumed that the Government has lost the confidence of the public, then, failing a sudden upturn in business, it could not hope to survive the next general election. In such circumstances, the Government must lack the co-operation of the general public and must, to an ever increasing degree, live unto itself. Conservative spokesmen pooh-pooh such views. In any event, it is no partisan comment to say that the job of setting up the National Railways trustee board has been made infinitely more difficult. The Liberal party is pledged to fire this board the moment the party is returned to power. The railway legislation of last session declares that the chairman of the board of trustees shall give up all personal business, live at Montreal and give his whole time to railway work. But what outstanding business man will care to give up his present interests and take on a job from which he may be fired within a year or two?

Government Needs Support

Of course the Government is still in complete command of the country and has a substantial majority in Parliament with which to enforce its will. But the opposition feels that it has received a clear-cut mandate to oppose the cabinet and under our Parliamentary system the opportunities to badger and pester a ministry are limitless. This is most unfortunate, coming, as it does, at a time when the Government requires all its strength, all its intellectual ability to cope with the general situation.

As to the cabinet ministers, they are taking the result of the by-elections with a philosophic calm. There is much satisfaction derived from the C.C.F. route in Mackenzie. They take this to mean that the country is staying with the two party system. That the Government might be beaten in a general election right now breeds insufficient disappointment to offset that cheering fact. Running a country in a depression like this one, is bound to result in loss of popularity and possibly ultimate defeat. The constitution declares Parliament must be dissolved within five years of the return of the last writ in the preceding general election. The last writ in the 1930 contest was not returned until early in September so that this Parliament can live until September, 1935. Moreover, a few months can elapse between dissolution and election so that in a strictly legal sense the Bennett Government does not have to go to the country until January, 1936. Ministers do not look for favorable explanations of the by-election results, but they do suggest that a considerable volume of water can flow under political bridges between now and January, 1936.

A great deal can happen to world trade. There could even be general recovery.

Provincial Paper Plan Wood Cutting

From Our Own Correspondent

MONTREAL. — Provincial Paper Co., subsidiary of Abitibi Power and Paper Co., has arranged for two pulpwood cutting plants to be operated throughout the coming winter at Hurkett, Ont., about 57 miles east of Fort William.

Present intentions are to cut 25,000 cords of wood, but that amount is subject to some increase or decrease in keeping with possible developments in the paper industry. One camp has been opened already, employing a hundred men. A second camp will be opened in a few days providing employment for a similar number of workers.

The parent company recently announced that it would purchase a large quantity of pulpwood in Manitoba, though there were no indications of the Pine Falls paper plant being reopened.

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LIFE INSURANCE SOON WILL SEE MANY CHANGES

Present Policyholders and Buyers and Sellers to Feel Effects

RATE INCREASES DUE

Cash Surrender Values to be Cut and Lower Interest Rates Will be Allowed

Important developments of wide significance to policyholders and to buyers and sellers of life insurance, are currently brewing in Canada. The Financial Post learns that most of the leading Canadian companies are now planning changes which will affect both buyer and seller of this commodity within a short time. Some of these changes have already been announced to underwriters though not to the public. Others will probably occur within the next two or three months.

Briefly they may be summarized as follows:

1. The interest rate on deposits left with insurance companies is coming down.
2. Cash surrender or loan values are being cut.
3. The premium rate on non-participating business is to increase.
4. Rates on pension and retirement income bonds and other deferred annuities, as well as on some types of pure endowment insurance are going higher.
5. Dividends to participating policyholders will in most cases be lower or stationary. Few important increases need be looked for.

Trends Established

Of course not all companies will announce any one or all of these changes simultaneously. Many companies may do none of these things now—nor even during 1934. Nevertheless in all cases The Financial Post has collected sufficient evidence to indicate that a definite trend is being established as outlined above and the probability is that sooner or later most companies—large and small—will fall in line.

Interest Rates Dropping

Take interest rates. For the past 20 years life companies in Canada have paid at least 5 per cent on moneys left on deposit with them by policyholders. Funds accumulated in this way total roughly $50,000,000 and until this year the return made by Canadian companies has never dipped below the 5 per cent mark, although by law the guaranteed rate for such moneys is only 3½ per cent.

Sun Life broke the ice in 1933 by paying only 4¾ per cent and according to information given The Financial Post this week at least two other leading Canadian companies will follow suit for 1934. Many more will probably do likewise and a rate of even 4½ per cent may be seen.

This is in line with the current trend in interest rates and will have an important effect on a vast sum of money now in the custody of life firms. Incidentally it is noteworthy that United States life companies doing business in Canada have never paid as high interest rates as have Canadian companies. Even in 1929 when most Canadian companies were paying 5½ per cent the highest rate allowed by U. S. companies was 4.8 per cent.

Cash Surrender to Drop

Then in regard to cash surrender values.

It is well known that one of the biggest problems facing life companies in the past four years has been that of keeping assets sufficiently liquid to meet the heavy drain from policyholders who wished to borrow money on their policy or cash it in entirely. In three years, life companies in Canada paid out no less than $175,000,000 in cash surrender values of which $80,000,000 was disbursed in 1932. Policy loans, which are based on the cash surrender values allowed, had soared to the record figure of $300,000,000 at the end of 1932—an increase of 50 per cent in the three-year period.

What has worried life companies has been the fact that surrender values as now generally allowed by most companies are higher than can be justified under present conditions and indeed when present-day values were set-up, few officials dreamed that they would be used to such an extent as in the past few years. They feel that continuing policyholders are being discriminated against on that account.

In the past year or more much has been said about the problem; nothing done. Now The Financial Post learns that at least four important Canadian companies have decided to lower their cash surrender values.

Non-par Rates to Jump

As to non-par rates. Readers of The Financial Post have been warned several times in the past year that the price of non-par policies was due to increase. Here again much has been said but little done as many companies although convinced that their rates were too low have been afraid to take the plunge.

Now The Post learns that one leading company has definitely decided to raise its non-par rates. The increase will probably become effective with the publication of a new rate book about the first of the year. Other companies are expected to follow suit although in at least one case it is probable that lower cash surrender values will be tried out at first in place of an increase in non-par rates.

Incidentally it is worth noting that this increase in rates will probably be confined to those companies who normally write the bulk of their ordinary insurance business on a participating basis. The few companies which write entirely non-par business usually operate on a higher rate schedule than those companies who normally do only a small part of their business on the non-par plan. The heavy swing to non-par business on the part of nearly all companies in the past year or two has brought to light the need for higher non-par rates.

New Pension Bond Rates

Another important change contemplated by leading companies is higher rates for pension or retirement income bonds. This type of policy has been increasingly popular in the past few years, especially with women who find in it an excellent guaranteed savings plan against the day when they wish to retire.

Already many leading companies have announced increases in their rates for simple annuities and the increase now contemplated in rates for pension bonds—or deferred annuities as they are known in the actuarial world—is a natural sequence of the pressure of interest rates which has been growing in the past year or two. Similarly the rates on pure endowment policies are expected to increase among companies which write any considerable volume of business on this plan.

As to dividend scales for 1934, nothing very definite is available as yet although some leading companies inform The Financial Post definitely that they will make no change in schedules for the coming year. Not all companies change their dividend schedules at the calendar year but the situation seems to be shaping itself something like this: companies which made heavy cuts a year or two years ago will attempt to maintain dividend scales and may even announce slight increases. Those which made only moderate cuts to date will probably announce further reductions.

Suicide Rate in Canada Doubles in Past Decade

Rate in B. C. Twice That of All Canada — Quebec Record Best — More Occur in Wet Than in Sunny Weather

Alarming increases in suicide on this continent are worrying both insurance and medical men in Canada and the United States.

Suicides in Canada reached a new high mark in 1932 when 1,021 persons were reported as having met death in this way. This is a 25 per cent increase during the past five years, although the figure is only slightly higher than the rate for 1931 and 1930. In each of the last three years, more than 1,000 persons have met death by suicide.

B. C. Has Worst Record

Analysis of these figures as far as Canada is concerned shows that in proportion to its population British Columbia has by far the worst record, although in total number of suicide deaths Ontario leads all provinces. The suicide rate in Quebec is consistently the lowest in the Dominion in relation to population, with the three Maritime Provinces ranking a close second.

Figures for Canada prior to 1926 are not available on a comparable basis because prior to that year Quebec's statistics were not included in totals for the whole of Canada. However, for the five years ending 1925, the average number of deaths by suicide in all of Canada was approximately 500 annually—less than 50 per cent of the total of the three years. No other single cause of death has shown such an alarming increase.

Provincial Record

Comparative figures by provinces for the last three years together with the death rate per 100,000 of population in 1932 are as follows:

Suicide Record of Canadian Provinces

	—No. of Suicides— 1932	1931	1929	Death Rate 1932*
P. E. I.	5	6	4	5.7
N. S.	33	19	25	6.4
N. B.	28	23	21	6.4
Quebec	133	123	110	4 6
Ontario ...	421	425	318	12.2
Man.	94	56	73	13.3
Sask.	74	76	96	7.6
Alta.	96	122	84	13.0
B. C.	137	151	103	19.5
	1,021	1,001	834	9.7

*Per 100,000 of population.

It is obvious that British Columbia is the bad actor of the suicide drama. In 1931, the death rate from suicide in this province in proportion to population reached the very high figure of 22 per 100,000. This is considerably more than double the Dominion average and over five times as bad as the Quebec picture.

Experts who analyze the alarming increase in suicide rate say that while men have a higher rate of mortality from this cause than women the rate among women is growing rapidly. The increase in suicides has been common to all civilized countries in recent decades. From a medical point of view there is no way of anticipating death from suicide but certain criteria can be set down which may act as a warning to insurance companies.

Thus, Dr. L. F. Barker, of Baltimore who discussed this matter before the annual meeting of the Association of Life Insurance Medical Directors in Toronto recently states that suicide is less common among those who believe in God than it is among atheists; among believers, suicides are more common among Protestants and Jews than among Roman Catholics. This conclusion is amply supported by Canadian figures which show Roman Catholic Quebec as having a suicide rate of less than half that of the rest of Canada.

Some Curious Facts

A rather amazing discovery that has been made is that suicides are most common among personalities which have reached a high grade of culture and refinement. Another curious quirk about suicide mortality is that more suicides occur in fine sunny weather than during cold, cloudy wet days or months. Thus, the suicide rate tends to increase from the beginning of the year until it reaches a maximum in late spring or early summer, after which it decreases slowly until the end of the year. As might be expected the majority of suicides occur among persons of neurotic or psychopathic constitutions. As a rule, suicide follows sudden impulses rather than well defined motives in persons of marked emotional instability.

Compared with the United States experience, figures published recently by the Equitable Life Insurance Company would indicate that Canada is in a relatively favorable position. The ordinary business of that company shows that death rate from suicide has jumped from 25 per 100,000 of insured in 1927 to a ratio of 67 in 1932.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Sun Life Dividend

Can you tell me what are the possibilities of Sun Life Assurance Co. commencing dividend payments to its shareholders?

The company appears to be doing satisfactory business lately and I am wondering if there is any truth to rumors that they will shortly commence to pay dividends to stockholders again.

Sun Life of Canada has paid no dividend to shareholders on their common stock since July, 1932.

Although we have been unable to obtain any specific information we very much doubt if dividends will be resumed this year or until the company feels that the market value of its securities is back once more within striking distance of the average valuation allowed for balance sheet purposes.

Apparently the company has taken the position that it is unsound to distribute money to shareholders while it has to take advantage of special legislation to enable it to show a balance sheet surplus. This special legislation applies of course to all life companies and has been used by practically all companies on this continent for the past two years.

In other words, the trend of prices in the stock market is probably a good barometer of the Sun Life's situation and we would be inclined to feel that substantially higher prices than now prevail are necessary before the dividends are resumed on the common stock.

True, the company's business has shown some improvement of late but it is the asset and surplus position which is probably of paramount importance as far as shareholder dividends are concerned.

ELECT N. J. BLACK TO HEAD INSTITUTE

Winnipeg Group Had Successful Year — Prizes Awarded

N. J. Black, Commercial Union Assurance Co., has been elected president of the Insurance Institute of Winnipeg. At the annual meeting held recently, prizes and diplomas were presented to successful students and it was stated that practically 80 per cent of the students who wrote the examinations set by the Insurance Institute of America had passed. Twenty-three received diplomas after completing the three-year course, either the fire or casualty branch, and this represented approximately 10 per cent of all those graduating on the North American continent.

Claribel A. Cook, of the Canadian Fire Insurance Co., won the casualty course scholarship with an average over the three-year period, 80.5 per cent. James A. Herriot, of the Western Canada Insurance Underwriters' Association was awarded the Harrison Memorial Scholarship in the fire branch with an average of 84 per cent.

Officers elected to head the Insurance Institute of Winnipeg, for the 1933-34 season are as follows: Hon. president, W. B. Lowry, Insurance Company of North America; president, N. J. Black; vice-president, R. J. Parker, Western Canada Insurance Underwriters' Association; secretary, George E. Budden, W.C.I.U.A.; treasurer, C. R. Francis, Canadian Fire Insurance Co.

The council is as follows: A. A. Cherry, H. A. Cherry Co.; F. C. Doxenham, London & Lancashire Insurance Co.; A. Leslie Ham, Canadian Surety; Thos. Harris Employers' Liability Assurance Corporation; C. McE. Nicholls, Prudential Assurance Co.; R. P. Simpson, Sun Insurance Office; H. L. Wiglesworth, Liverpool & London & Globe Insurance Co.; E. P. Withrow, Dominion of Canada General Insurance Co.; E. M. Whitley, Norwich Union Fire Insurance Society.

ONTARIO FIRE LOSS DOWN IN SEPTEMBER

Fire losses in Ontario during September were well below losses sustained in September, 1932, according to the report of the Ontario Fire Marshal just issued. During September, 1933, there were 1,131 fires with a loss of $869,109 of which $750,028 was covered by insurance. In September, 1932, there were 1,402 fires with a loss of $2,284,514 of which $1,939,722 was insured. There was a reduction of 17.2 per cent in number of fires and 62 per cent in the loss.

In the nine months ended September 30, 1933, there were 11,683 fires, a reduction of only 1 per cent from the total of 11,801 in the corresponding period of 1932. Loss for the nine months, however, was down to $8,747,456 from $11,616,745, a reduction of $2,896,289 or 24.7 per cent. Insurance loss dropped to $7,579,910 in 1933 from $10,148,395 in 1932, a reduction of slightly over 25 per cent. Of the total fire loss recorded in the first nine months of 1933, 86.6 per cent was covered by insurance, slightly under the 87.3 per cent coverage on fire losses in the same period of 1932.

Maritime Life Co. Report Current Business Ahead

From Our Own Correspondent

MONTREAL.—Following the regular quarterly meeting of the board of directors of the Maritime Life Assurance Co., it was stated that business of the company in the Maritime provinces and Newfoundland was slightly better than for the same time last year.

As regards the company's investment portfolio, reports to the directors showed a substantial increase in the assets of the company composed of Dominion and municipal bonds, which class of securities form nearly 50% of the company's investments.

AETNA INSURANCE PROMOTES OFFICIAL

D. H. Macaulay Appointed Marine Superintendent for Canada

D. H. MACAULAY

Douglas H. Macaulay, special agent for the Aetna Insurance Company and its subsidiary, the World Fire and Marine Insurance Company in Canada, has been appointed marine superintendent of the companies for the Dominion with headquarters at Toronto.

Mr. Macaulay has had many years experience in the marine insurance business. He began his insurance career with Macaulay, Nicolls, Maitland & Co. Ltd., general agents, in Vancouver, B.C., in 1918. Until appointed marine special agent for the Aetna in 1931 he was for ten years connected with the marine department of the Home Insurance Company of New York.

Philip S. May has been transferred from the home office to become Mr. Macaulay's assistant.

Insurance Inklings

Dr. L. A. H. Warren, University of Manitoba, was elected chairman of the Actuaries Club of Winnipeg, at the annual meeting held recently. Frank G. Whitbread, F.A.S., assistant actuary of the Great-West Life Assurance Co. was elected secretary. The meeting was addressed by Earl Loadman, B.A., F.A.S., F.A.I.A., supervisor of conservation of the Great-West Life, who spoke on "Conservation Problems" and by H. Hansen, M.A., of the actuarial department of the same company who spoke on "Group Pensions in Denmark."

For the past eighteen years, the **Home Insurance Co.** of New York, has bought nearly 100 per cent of its paper lithography and printing in Canada for their Canadian business, according to A. V. P. Rigg, manager of the Canadian advertising and supply department of this company. Mr. Rigg feels that it is not necessary to go outside Canada for high class artists, engravers, lithographers and printers.

F. G. Fisher, former manager at Brantford, Ont., of the Empire Life of Toronto, has been promoted to a similar position with the company at Windsor, succeeding the late **E. R. Norton**. **J. M. Dunn** has been appointed district manager at London and **J. Douglas Terryberry**, district manager at Toronto.

J. A. Macfarlane, general manager of the Monarch Life Insurance Co., Winnipeg, this month completes his 25th year of service with the company. He joined in 1908 as secretary and actuary.

Northern Life Assurance Co. reports that sales increased 13 per cent during the six weeks ended October 16, in comparison with sales of the corresponding period of 1932. New business written by the company in 1933 to date also shows an increase over 1932 and prospects are for a continuation of this increase throughout the remainder of the year. New business received at the company's home office, on October 16, the last day of the company's 36th anniversary sales contest was the largest in volume of sales since 1931.

George A. Cochrane, manager at St. Catharines for the North American Life Insurance Co. for several years has been appointed superintendent for Western Ontario by the Crown Life Insurance Co. and has taken up residence in London, Ont., which will be his headquarters. Mr. Cochrane was formerly resident of Regina where he was president of the Regina Lions Club.

W. A. Webb has been appointed agency supervisor of the Dominion Life Assurance Co., Southern Ontario branch, with headquarters in Hamilton.

The month of October contains the anniversary dates of several important members of **The Great-West Life Assurance Co.** Included in the list are C. C. Ferguson, B.A., A.I.A., F.A.S., general manager who joined the company on October 1, 1907, 26 years ago. James Forbes, A.A.S., claims superintendent, completed 30 years of service on October 14 and H. M. Lumbers, cashier, at St. John, N.B., completed 32 years of service on October 30. Other members of the head and branch office staffs are Raoul Daoust, head of the service department in the Montreal branch, who joined the company on October 1, 1904; Philippe Plouffe, Montreal branch, October 29, 1905; A. H. Beamish, accountant's department head office, October 16, 1907; J. H. Sherk, head of the credit section of the conservation department, October 3, 1910, and F. Rivoire, head of the translation department, October 15, 1912. In the field, R. E. Campbell of the Toronto branch completed 22 years of service on October 9; Mr. Campbell is aggregate leader and has produced an average of over $500,000 of paid-for business a year during the last 20 years. F. J. Ritchie of Brantford, Ont., completed 21 years of service on October 3.

Melvin D. Pelton has been appointed provincial manager for Quebec by Continental Life Insurance Co., with headquarters in Montreal. The appointment is the first step in an expansion programme now being carried out throughout the province by Continental Life.

CROWN LIFE Insurance Company

ESTABLISHED 1900

SIR ROBERT L. BORDEN
President

C. W. SOMERS
Vice-President

H. R. STEPHENSON
General Manager

HOME OFFICE: TORONTO, CANADA

DURING THE THREE YEARS 1930 - 1931 - 1932

THE SUN LIFE ASSURANCE COMPANY OF CANADA

PAID IN CASH TO POLICYHOLDERS AND BENEFICIARIES

$319,000,000

AN AVERAGE OF $355,000 FOR EVERY WORKING DAY

There's a SUN LIFE POLICY exactly suited to your requirements and a trained SUN LIFE representative ready to give you expert advice without obligation.

SUN LIFE ASSURANCE COMPANY OF CANADA

HEAD OFFICE-MONTREAL

Business Briefs

Creamery butter production in Canada during September was 23,449,074 lbs., an increase of 2.6 per cent over production of September, 1932. Increases were shown in Ontario, Manitoba, Saskatchewan and Alberta, four of the five largest producers, while Quebec, with the largest output showed a decrease of only 1.3 per cent. For the nine months ended September 30, total production was 177,412,467 lbs. an increase of 3.8 per cent over the corresponding period of 1932.

Automobile production in September, numbered 5,808 units as compared with 6,079 units in August and 2,342 units in September, 1932. In the first nine months of 1933, a total of 56,689 cars were produced in Canada, 1,377 were imported and 14,505 were exported. In the same period of 1932, production totalled 53,550 cars while 1,343 cars were imported and 7,942 cars were exported.

Heavy exports of butter, cheese and eggs during September substantially decreased stocks of butter and eggs, although cold storage holdings of cheese remain about 3,000,000 pounds above the ten-year average at October 1. Normally butter stocks increase until October 1, but this year there was a decrease between September 1 and October 1 approximately equal to the month's exports. Cold storage egg stocks declined 9.5 per cent during September and fresh egg stocks 11.6 per cent and these decreases together with export shipments, had a healthy effect on domestic prices.

Wheat carryover of the world as at August 1, was 1,113,000,000 bushels according to figures recently issued by Food Research Institute of Stanford University. This represents an increase in carryover from last year of 108,000,000 bushels. Of the current carryover, Canada contributes 219,000,000 bushels, while of the 1932 carryover, Canada contributed 137,000,000 bushels. Canada, therefore, accounts for the major part of the increase in wheat carryover figures for the world.

Established 1869

Strength • Stability •

Assurances in Force (Dec. 31, 1932)..$517,967,974.00
Assets $132,198,392.72
Surplus Funds and Contingency Reserves, $11,853,105.72

A Purely Mutual Company

Every dollar of surplus earnings belongs to policy-holders and is either actually paid or allotted as cash dividends or held in trust for future distribution.

THE MUTUAL LIFE Assurance Company OF CANADA

HEAD OFFICE - WATERLOO, ONT.

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Independent Order of Foresters

FRANK E. HAND, Supreme Chief Ranger

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Head Office—Wawanesa, Man.

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SEATTLE WASHINGTON

BRANCH OFFICES: Toronto, Ottawa, Vancouver, Victoria, Edmonton, Calgary, Saskatoon, Winnipeg, Montreal, Quebec City, St. John, Halifax

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WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING OCTOBER 30

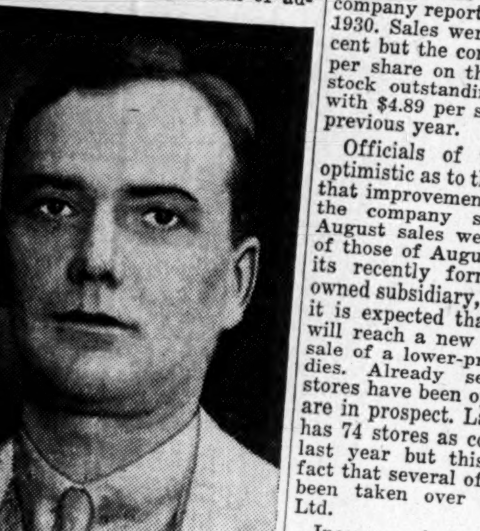
[illegible]

FOUR O'CLOCK TEA FOR ALL WORKERS CAMPAIGN OBJECT

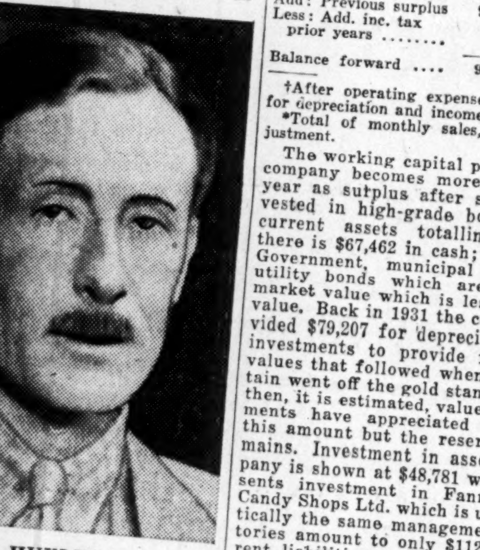
Tea Growers Have Plan to Promote Use Here

If Canadians drank as much tea per capita as British citizens in other parts of the Empire there would be greater prosperity among the tea growers of Ceylon, India and the Dutch Colonies. We consume about four pounds of tea per capita per year; Australians, New Zealanders and white South Africans drink approximately twice as much per capita; residents of the British Isles over three times as much.

To increase consumption of tea in Canada is the aim of a nation-wide merchandising campaign shortly to be undertaken. Leading tea exporting countries have been wrestling with the problem of adjusting production to consumption. Along with an international scheme of restriction of production there has been developed an international campaign to increase consumption. In the division of this work, Canada has fallen to the lot of the Ceylon tea growers as the field in which they will concentrate a major portion of their propaganda efforts.



F. E. B. GOURLAY



G. HUXLEY

To Promote Tea Drinking

In Canada now are G. Huxley, of London, England, and F. E. B. Gourlay, of Colombo, Ceylon, laying the foundations for the tea campaign. Mr. Huxley was formerly chairman for publicity of the Empire Marketing Board and is now chief commissioner of the Ceylon Tea Bureau. Incidentally, he is a cousin of Aldous Huxley, British novelist and essayist, and Julian Huxley, famous authority on genetics. Mr. Huxley will visit principal centres in Canada. Mr. Gourlay, who has been a tea planter in Ceylon since the war, will remain in Canada as commissioner for the Ceylon government representing the Tea Bureau.

The effort to promote increased tea consumption in Canada will be non-competitive. While Ceylon will carry on the campaign there will be no effort to stimulate sale of Ceylon tea more than that of Indian, Dutch or other tea.

Office Cup to be Urged

It is likely that the virtues of tea as a mid-afternoon "pick-me-up," stimulating greater efficiency among office and factory workers, will be stressed in an effort to get the four o'clock cup of tea habit firmly established in this country.

LAURA SECORD PROFIT LOWER; $3.79 PER SHARE

Dividend of $3 is Well Covered; Surplus Increased

HAS NEW OUTLETS

Candyteria Ltd. Serves Low-price Field; Investments Higher at $1,437,532

Sales and earnings of Laura Secord Candy Shops Ltd. were lower in the year ended September 30, 1933, but the report of the company shows dividends earned by a margin of 79 cents per share, surplus increased, working capital position even better than in the past and employees on the same wage scale that has prevailed since the company reported peak earnings in 1930. Sales were down by 13.6 per cent but the company earned $3.79 per share on the 57,500 shares of stock outstanding. This compares with $4.89 per share earned in the previous year.

Officials of the company are optimistic as to the future and state that improvement has been felt by the company since June while August sales were well in excess of those of August, 1932. Through its recently formed and wholly-owned subsidiary, Candyterias Ltd., it is expected that Laura Secord will reach a new market with the sale of a lower-priced line of candies. Already seven Candyteria stores have been opened and others are in prospect. Laura Secord now has 74 stores as compared with 79 last year but this is due to the fact that several of the stores have been taken over by Candyterias Ltd.

Income and surplus account of the company for the past two years is as follows:

Income and Surplus Account Years Ended Sept. 30

	1933 $	1932 $
Gross sales	1,642,270	*1,901,566
Net profit†	218,037	281,262
Less appropriations: Dividends	172,500	172,500
Surplus for year	45,537	108,762
Add: Previous surplus	945,506	836,744
Less: Add. inc. tax prior years	4,000	......
Balance forward	987,043	945,506

†After operating expenses and provision for depreciation and income taxes.
*Total of monthly sales, subject to adjustment.

The working capital position of the company becomes more unique each year as surplus after surplus is invested in high-grade bonds. Out of current assets totalling $1,617,614 there is $67,462 in cash; $1,388,751 in Government, municipal and public utility bonds which are carried at market value which is less than book value. Back in 1931 the company provided $79,207 for depreciation on its investments to provide for drop in values that followed when Great Britain went off the gold standard. Since then, it is estimated, values of investments have appreciated more than this amount but the reserve still remains. Investment in associate company is shown at $48,781 which represents investment in Fanny Farmer Candy Shops Ltd. which is under practically the same management. Inventories amount to only $112,620. Current liabilities are even more negligible than in the past and amount to but $40,000 of which $39,000 is reserve for income tax. Working capital position is as follows:

Working Capital

	1933 $	1932 $
Current assets*	1,568,833	1,505,581
Current liabs.	40,000	43,025
Working capital	1,528,833	1,462,556
Ratio	39.22—1	34.99—1

*Excluding investment in Fanny Farmer Candy Shops Ltd.

Fixed assets are carried at $291,587 after providing for depreciation reserve of $437,118. Investment in and advances to Candyterias Ltd. amounts to only $4,856. Mortgages receivable are carried at $6,691; prepaid expenses at $10,758 and goodwill at $1. There are 57,500 shares of common stock outstanding carried at $904,464 and surplus stands at $987,043.

National Light Covers Bond Interest 1.73 Times

National Light & Power Co. had increased earnings in the nine months ended September 30, 1933, with bond interest earned 1.73 times after depreciation as compared with 1.50 times in the same period of 1932. Gross revenue increased to $375,787 from $355,508 in 1932 while operating expenses were slightly lower at $201,836. Net earnings were $173,951 as compared with $152,221 in the first nine months of 1932.

Provision for depreciation was increased to $18,648 from $17,546. After paying bond interest charges of $90,000 in each period net profit was up to $65,303 from $44,675 before provision for taxes and note interest.

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Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited) Investment Bankers, Toronto
October 31, 1933

[illegible]

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited)
October 31, 1933

[illegible]

Government, Provincial & Railway

	Bid	Asked	Oct. 24
C. N. R. 4½% 1951 Dom. Gtd.	101.25	102.00	101.25
C. N. R. 4½% 1957 Dom. Gtd.	100.00	101.75	100.00
C. N. R. 5% 1969 Dom. Gtd.	106.00	107.00	106.00
C. P. R. 4½% 1944	76.00	77.00	75.50
C. P. R. 6% 1942	102.00	....	102.00
Dom. of Can. 5% 1936	102.50	103.50	102.00
Dom. of Can. 5% 1941	103.00	104.00	103.75
G. T. P. 3% 1962 Dom. Gtd.	82.50	83.50	81.25
G. T. P. 4% 1962 Dom. Gtd.	95.50	96.50	94.75
Ont. Hydro 3½% 1952 Ont. Gtd.	92.00	93.00	91.25
Ont. Hydro 4¾% 1970 Ont. Gtd.	100.00	101.00	100.00
Ont. Hydro 4% 1957 Ont. Gtd.	92.00	93.00	92.00
Prov. of N. B. 5¼% 1950	104.00	105.00	104.00
Prov. of Ont. 5½% 1946	108.00	109.00	107.75
Prov. of Ont. 5% 1948	103.75	104.50	103.75
Prov. of Ont. 5½% 1944	102.25	104.00	102.25

Dividends Declared

	Present Annual rate	Amt. this payment	Date payable	Date of record
Banque Can. Nationale	$10	$2.50	Dec. 1	Nov. 15
Belding Corticelli pref.	7%	1¾%	Dec. 15	Nov. 30
Bulolo Gold Dredging	...	*60c	Dec. 4	Nov. 9
Bank of Montreal	$8	$2	Dec. 1	Oct. 31
Bank of Toronto	10%	2½%	Dec. 1	Nov. 15
Canada Iron pref.	3%	1½%	Nov. 15	Oct. 31
Can. Converters	$2	50c	Nov. 15	Oct. 31
Can. Bank of Commerce	$8	$2	Dec. 1	Oct. 31
Canadian Oil	50c	12½c	Nov. 15	Nov. 1
Do., pref.	$8	$2	Jan. 1/34	Dec. 20
Can. Hydro, 1st pref.	6%	1½%	Dec. 1	Nov. 1
Cons. Diver. Std. Secs. pfd.	...	25c	Dec. 15	Nov. 15
Cosmos Imp. Mills, pref.	$3.50	87½c	Nov. 15	Oct. 31
Champlain Oil Prod. pfd.	60c	†15c	Nov. 15	Oct. 31
Confederation Invest. pfd.	$3	75c	Nov. 1	Oct. 14
Eastern Twps. Tele. c.	72c	18c	Jan. 15/34	Dec. 31
Dominion Bridge	$2	50c	Nov. 15	Oct. 31
Eastern Theatres c.	$2	50c	Dec. 1	Oct. 31
Fuller, Geo. A. (Can.) pfd.	$6	$1.50	Nov. 1	Oct. 14
Hollinger Gold	65c	5c	Nov. 4	Oct. 20
Do., extra	...	5c	Nov. 4	Oct. 20
Loblaw Grocet. "A" & "B"	80c	20c	Dec. 1	Nov. 11
London Int. Trustee, c.	...	8c	Nov. 1	Oct. 15
McIntyre Porc. M.	$1	25c	Dec. 1	Nov. 1
Do., extra	...	12½+12½c	Dec. 1	Nov. 1
Mercury Oils	...	4c	Jan. 2	Nov. 30
Mortgage Corp. of N.S.	$7	$1.75	Nov. 1	Oct. 24
National Biscuit pfd.	$7	$1.75	Nov. 29	Nov. 15
N. S. Light & Pr. pref.	6%	1½%	Dec. 1	Nov. 15
Quebec Power	$1	25c	Nov. 15	Oct. 27
Penmans	$3	75c	Nov. 15	Nov. 6
Paterson, Wm., pfd.	$7	$1.75	Nov. 1	Oct. 14
Rolland Paper pref.	$6	$1.50	Dec. 1	Nov. 15
Royal Bank	8%	2%	Dec. 1	Oct. 31
Shawinigan W. & Pr.	50c	12c	Nov. 15	Oct. 25
Southern Can. Power c.	80c	20c	Nov. 15	Oct. 31
Sherbrooke Trust	$6	$1.50	Nov. 1	Oct. 14
Toronto Elevators, c.	...	*$1	Dec. 1	Nov. 15

Dividend Rate Reduced:
Southern Can. Power c. Nov. 15, $1 to 80c. per annum.
* Interim. † Initial.

Listed Bond Quotations

Week Ending October 30, 1933

[illegible]

	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1933 High	Low
Do., refund	4½	1944	4.43	99.85	....	....	104.90	101.85
Do., renewal	4½	1946	4.43	99.85	....	....	100.50	98.75
Conversion Loan	4	1952	4.35	94.75	....	....	*92.25	91.50
Do.	4½	1956	4.45	99.50	....	....	95.25	91.63
Do.	4½	1957	4.50	99.50	....	....	100.70	97.00
Do.	4½	1958	4.50	99.50	....	....	99.00	96.00
Nat. Service Loan	5	1959	4.50	100.50	....	....	100.75	97.75
Do.	5	1936	3.95	102.75	....	....	108.87	97.50
Dom. Loan	5	1941	4.50	103.15	....	....	193.25	101.50
Unlisted:	4	1935	3.60	100.35	....	....	103.75	100.75
Cons. Paper	5½	1961	...	....	....	....	99.75	99.75
Can. For. Inv. deb.	7	1949	...	....	88.00	....	100.00	80.00

†Latest ask. ‡Quotations for 1930. *For 1931. *For 1932.
None recorded in 1933 to date. §Payable in Canada and New York.

Unlisted Mining Stocks

October 31, 1933

[illegible]

	Bid	Ask
Horseshoe	.01	.01¾
Island Lake	.12	.15
Kenty Gold	.08	.10
Kirk. Divide	1.30	1.45
Kirk. Gold	.18	.23
	.16	.25

	Bid	Ask
Trusted Inv. Syn. Un.	..	150.00
Tyrrell Tp. McN.	16.00	17.50
West McWatters Units	..	40.00
Young Davidson	..	15.00
	.20	.24

The above table is made up from quotation sheets of several brokers. The Financial Post does not guarantee the quotations but can supply any subscriber with the name of the broker from whose sheet any particular quotation was taken.

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont.

October 31, 1933

	Rate	Actual Maturity	Next Int. Date	Price	Yield
*Alberta	4½	1 Oct., 1958	1 Apr.	89.50	5.26
Alberta	5	1 July, 1943	1 Jan.	96.00	5.52
Alberta	6	1 Mar., 1947	1 Mar.	103.00	5.67
*British Columbia	4½	1 Oct., 1953	1 Apr.	89.00	5.49
*British Columbia	5	15 Jan., 1948	15 Jan.	95.50	5.45
British Columbia	6	15 Feb., 1947	15 Feb.	103.00	5.68
Manitoba	4	1 July, 1947	1 Jan.	83.50	5.73
*Manitoba	5	2 Dec., 1959	2 Dec.	95.00	5.35
Manitoba	6	1 Apr., 1947	1 Apr.	101.50	5.85
*New Brunswick	4	1 June, 1948	1 Dec.	92.00	4.75
*New Brunswick	4½	15 June, 1936	15 Dec.	101.00	4.37
New Brunswick	[illegible]	15 May, 1950	15 Nov.	106.00	4.98
*Nova Scotia	[illegible]	15 Nov., 1948	15 Nov.	100.50	4.45
Nova Scotia	5	1 May, 1943	1 Nov.	102.00	4.75
*Ontario	4½	1 Sept., 1944	1 Mar.	102.50	4.21
Ontario	5	15 Oct., 1948	15 Apr.	105.00	4.54
Ontario	5½	1 Feb., 1947	1 Feb.	109.00	4.60
P. E. I.	4	1 Apr., 1939	1 Apr.	96.90	4.60
P. E. I.	6	1 May, 1947	1 Nov.	112.00	4.81
*Quebec	4½	1 May, 1961	1 Nov.	102.00	4.13
*Saskatchewan	4½	1 Sept., 1955	1 Mar.	86.50	5.57
*Saskatchewan	5	1 Nov., 1959	1 Nov.	91.00	5.66
Saskatchewan	6	15 Mar., 1952	15 Mar.	100.50	5.95
*Newfoundland	5	31 Dec., 1952	31 Dec.	85.00	6.35
*Newfoundland	5½	1 July, 1939	1 Jan.	87.00	8.30
*Newfoundland	6½	30 June, 1936	31 Dec.	95.00	8.[illegible]0
Cities					
*Montreal	5	1 Sept., 1963	1 Mar.	104.80	4.70
*Toronto	4½	1 Jan., 1955	1 Jan.	100.00	4.50
*Vancouver	5	15 Jan., 1970	15 Jan.	98.00	5.44
Winnipeg	5	1 Mar., 1944	1 Mar.	93.50	5.84
*Edmonton	5½	1 Apr., 1947	1 Apr.	92.50	6.33
Calgary	5	1 Jan., 1943	1 Jan.	90.00	6.42
Halifax	6	1 July, 1951	1 Jan.	115.01	4.73
Saint John	5	15 Dec., 1950	15 Dec.	102.95	4.75
Regina	4½	1 July, 1950	1 Jan.	79.60	6.50
Victoria	5	21 July, 1945	21 Jan.	93.56	5.75
Quebec	5	1 June, 1948	1 Dec.	101.00	4.90

*Payable in New York.

Winnipeg Stock Exchange

(Transactions for week to October 28)

Div. Rate in $	Yield in %		Sales	High for week	Low for week	Close Oct. 28
..	..	Alta. Pac. Cons.	1000	.15½	.15½	.15½
80c	6.1	Brit. American Oil	25	.13¼	.13¼	.13¼
..	..	Central Manitoba	12000	.15	.15	.15
..	..	Eldorado	100	3.30	3.30	3.30
..	..	God's Lake	4400	.59½	.57	.57
20	6.2	Great West Life	1	320	320	320
..	..	Island Lake	800	.09	.07	.07½
..	..	Northern Trust	6	15	15	15
6.50	..	Reliance Grain pfd.	24	40	40	40
..	..	Sherritt-Gordon	100	1.25	1.25	1.25
..	..	South Tibblemont	1000	.23	.23	.23
60c	9	Teck Hughes	45	6.65	6.65	6.65
1	9.5	United Grain	20	10½	10½	10½
7	8.2	Western Grocers pfd.	10	87	85	85

Stocks Not Traded in During Week*

	Bid	Ask
Beaver Lumb. pref.	64	65
Beaver Fire	..	100
City Dairy 8% pf.	..	40
Cres. Creamery pf.	..	20
Home Investment	20	..
Monarch Life 10% pd.	17	..
N. Mtg. part pd.	..	5

	Bid	Ask
Pelissiers, pref.	22	..
Sovereign Life	..	20
Traders Bldg. Assn.	65	..
Can. Amer. Tr. shs.	..	3½
Fundamental Ser. A	..	4¼
Fundamental Ser. B	..	3¼
Group. Income Shs.	..	4.20

*Stocks more active on other exchanges not included.

WESTERN CANADA EARNINGS GAIN HOLDS POSITION

Further Economies in Year — Increasing Taxes Serious Problem

BANK LOANS DOWN

Conditions in Industry Unstable — Domestic Business Kept Up But Exports Still Low

Western Canada Flour Mills Co. annual statement (consolidating operations with those of the Brackman-Ker Mills and Purity Flour) for the year ended August 31, 1933, shows earnings of $236,164 as compared with the preceding year when $136,885 was earned. After depreciation of $121,857 there was available $114,307 to pay reduced preference dividends of $93,504. The surplus increased during the year from $808,357 to $829,160.

Consolidated Income and Surplus Account Years Ended August 31

	1933 $	1932 $
Operating profit	236,164	136,885
Less: Res. for deprec. & acc. rec.	121,857	127,169
Add: Transf. from gen. reserve	100,000	127,169
	214,307	136,885
Net earnings		
Less appropriations: Preference divds. ..	93,504	156,845
Surplus for year	120,803	*19,960
Add: Prev. surplus ..	808,357	828,317
Less: Trans. to invest. res.	100,000	......
Balance carried fwd..	829,160	808,357

* Deficit.

Close Victoria Mill

D. B. Hanna, president, in report to shareholders, states that the position of the company in the domestic market had been maintained but that export business is not yet normal. Lack of stable conditions in the industry itself curbed earnings but results given include savings resulting from further economies started during the year.

Mr. Hanna reports the Western wheat crop, in which the company is vitally interested, as having been ample in quantity and of excellent grade in the period reviewed. In the current year there is a substantial falling off in quantity although the milling quality is generally satisfactory.

The British Columbia mill at Victoria, B.C., was closed during the year and the plant will be dismantled. Provision is made for the retirement of these and other facilities no longer required by transfers of $317,593 from property reserve and general reserve accounts. A further amount of $100,000, transferred from general reserve, was applied in writing down investments.

The quarterly dividend on the preferred stock was reduced from $1.62½ a share to 75 cents a share to conserve liquid resources.

Mr. Hanna stated that the question of taxation is becoming a serious one, new imposts having been levied during the year. Direct and indirect taxes now amount to a very large sum. The baking industry had a difficult time but the salt division had a satisfactory year.

Working Capital Gains

Working capital showed a gain mainly because of a drastic reduction in bank loans from $722,000 to $266,000. Accounts and bills payable decreased somewhat from $757,730 to $718,752. Inventories of grain, merchandise and other supplies increased from $1,246,164 to $1,624,671 in the face of the decline in bank loans. Accounts and bills receivable were up from $607,988 to $669,220 and cash at $70,763 was little below the $71,933 shown at the outset of the year.

Fixed assets, less depreciation reserve, at $5,006,508, reflected the reductions made on account of the dismantling of the Victoria mill. Investments at $1,319,251 show little change. Contingency reserve is up from $222,533 to $240,402. Property reserve dropped from $1,277,582 to $946,641 and the general reserve from $711,316 to $593,135 by reason of transfers used in writing down fixed assets.

Indirect liabilities included $1,043,476 for customers' paper under discount and $1,822,200 for a guarantee of Purity Baking Co. loan. These are shown in a foot-note to the balance sheet.

Working Capital

	1933 $	1932 $
Current assets	2,364,654	1,926,085
Current liabs.	1,458,849	1,062,941
Working capital	905,805	863,144
Ratio	1.62—1	1.81—1

Obituary

George B. Woods—president, managing director and founder of the Continental Life Insurance Co. died at his home at Toronto on Oct. 27.

Born in Norfolk, Eng., in 1866, he came to Canada at age 20 and entered the lumber business in Woodstock, Ont. Three years later he joined the Manufacturers Life staff and in 1898 organized the Continental Life. It commenced business as an incorporated company the following year. He was the first secretary of that company, then became general manager and subsequently vice-president, managing director. On the death of the late Hon. John Dryden he was appointed president.

Mr. Woods played an important part in organization of the Sterling Bank which was later absorbed by the Standard Bank, and was a vice-president of Jones Bros. of Canada, Limited.

Metal Prices

New York—October 31—
Copper: Electrolytic spot, 8¼c. lb.
Silver: 39⅝c.
Gold: $32.12.

London—October 31—
(Long Ton)—
Copper: Electrolytic spot, £36 10s; future, £37 10s.
Standard spot, £33; future, £33 2s 6d.
Tin: Spot, £224 15s; future, £224 10s.
Lead: Spot, £11 12s 6d; future, £11 17s 6d.
Zinc: Spot, £15 17s 6d; future, £16.
Silver: 18¼d. per ounce.
Gold: 130s 7d.

Canada—October 31—
Gold: $31.58.

Suggests Tax on Wheat To Finance Acreage Cut

Dr. Mordecai Ezekiel Amplifies Proposal Made in Canada as to Suitable Plan for Enforcing Production Cut

An export and a domestic processing tax on wheat, the proceeds of which could be used to reimburse farmers agreeing to reduce their wheat acreage was the plan suggested for Canada by Dr. Mordecai Ezekiel, economic adviser to the United States Secretary of the Agriculture, on his recent visit to Canada. In a statement to The Financial Post, explaining the purpose of his visit to Canada, during which he visited Toronto and Montreal and conferred with Government officials at Ottawa, Dr. Ezekiel says "We in the United States expect to live up to the international wheat agreement to the letter." He says also "It is of vital importance both to the United States and Canada that the concessions made by the importing countries be carried into effect" and "if the international wheat agreement is successful it will result in an increase in the world level of wheat prices."

Plan For Canada

Dr. Ezekiel, who is a member of that somewhat mythical "brain trust" which surrounds President Roosevelt, and who is said to have designed much of the structure of the farm recovery programme in the United States, makes it clear that he did not come to Canada to propose any special plan of wheat acreage restriction but that when he was asked whether the plan that was being followed in the United States, of imposing a processing tax to pay the cost of taking the land out of acreage, could be modified to meet Canadian conditions, he suggested the possibilities of a plan along the following lines:

"If the International wheat agreement is successful, it will result in an increase in the world level of wheat prices. Suppose that Canada were to place an export tax on wheat, together with a tax on domestic processing, of an amount equal to any advance in the Liverpool price above the present level; that would mean that if the price of wheat next season should be say, ten cents a bushel higher than this season, the government would impose this ten cent tax. As a result, wheat within Canada would then sell on the export market at the same price next season that it sold this season.

"The funds obtained from such a tax could then be used to reimburse those farmers who agreed to reduce their wheat acreage. The up-shot would be that Canadian farmers who co-operated in the plan to readjust wheat production would receive full benefit of the resulting increase in the world price. Those farmers who failed to co-operate would receive none of the benefits."

Backs International Plan

In his statement to The Post Dr. Ezekiel proceeds:

"In this connection it should be pointed out, that the most important factor of the international wheat agreement to the exporting countries was the commitment on the part of the wheat importing countries to relax gradually their restrictions on the milling and use of wheat flour, to cease their efforts to increase wheat acreage, and to reduce their tariff barriers on wheat as wheat prices rise. During the past ten years the restrictions on imports and the stimulation to domestic production have resulted, in these European countries, in an increase in production of more than 200 million bushels per year above what would otherwise have been produced, and a reduction in consumption of more than 100 million bushels below what it would otherwise have been.

"That is to say, more than 300 million bushels of wheat per year have been added to the supply as a result of the measures taken by importing countries in their efforts to improve their own status. Meanwhile, wheat acreage in the exporting countries has continued to increase so that during the past seven years the total increase in acreage in the commercial wheat regions of the world has been more than twice as great per annum as it was during the preceding fifteen years.

"Of Vital Importance"

"These factors of overproduction and underconsumption are what lie behind the present excessive carryover, which at the start of this season, was more than 500 million bushels above the normal quantity in exporting countries alone. No lasting increase in wheat prices can be brought about while production continues to outrun consumption, and while consumption is very severely restricted.

"It is of vital importance, both to the United States and Canada, that the concessions made by the importing countries be carried into effect. Such results will not be achieved unless the exporting countries faithfully live up to their part of the agreement. The sole purpose of my trip to Canada was to give those in Canada with whom I talked a first-hand picture of the facts which lay behind our own approach to the problem and of the methods which we were following. It is of great importance to both countries that these efforts be successful."

Challenges Post Statement

Dr. Ezekiel comments on a recent statement in The Post concerning the working out of the American plan. The Post's statement read:

"Although about 80 per cent of the (United States) wheat farmers have responded to the plan, it is becoming apparent that much of the reduction is only superficial since the total acreage which farmers are claiming to have put into wheat last year is considerably higher than was indicated by previous available figures."

Dr. Ezekiel's comment on this statement is as follows:

"As a matter of fact, exaggerations of acreages on farms originally reported occur only in a few areas, and in those areas the acreages are being scaled down before the contract is approved. As a result, the acreage actually planted to wheat by farmers under the control plan will be that they contract to plant and no more. The contracts will be enforced not only as to how much land is taken out of production, but how much land is actually put into production, and there will thus be a check on the total acreage put into wheat.

"Honest Co-operation"

"The result of our control plan in cotton shows that farmers do give honest co-operation in efforts of this sort. The ginning reports to date indicate that the cotton crop this year will be reduced by precisely the amount of the contract. If there had been any wholesale evasion of the conditions of their contract, this must have shown up in the ginning reports.

"The plan of having the actual administration of the various production control measures under the Agricultural Adjustment Administration carried out by local associations of farmers places the responsibility for fair performance squarely on the shoulders of the local committee. If any farmer cheats, he cheats only his neighbors. To date, this plan seems to have given a satisfactory and effective means of carrying into practical administration the vast task of re-adjusting American agriculture to meet the present economic needs."

Believes in Plan

The American agricultural adviser concludes:

"We in the United States expect to live up to the International wheat agreement to the letter of that agreement. We feel that it is only by such full compliance that the agreement can become most effective in increasing the income of wheat growers throughout the world."

Syndicate Buys Scotch Whisky

Reports from Scotland indicate that an American syndicate has purchased 500,000 gallons of Scotch whisky from Wm. Walker, of Glasgow, to be held in bond in distilleries or elsewhere on the order of the syndicate. A sum of £250,000 is mentioned in connection with this transaction. This brings purchases by the syndicate up to 5,000,000 gallons.

GRAIN EXCHANGE MAKES PLEDGE OF CO-OPERATION

Will Support Government in Wheat Market Measures

A pledge that the members of Winnipeg Grain Exchange will do their utmost to co-operate in "any reasonable measure taken by the Canadian Government to reduce or dispose of the wheat surplus" was made last week in an official statement issued by the council of the Exchange.

The statement was issued to offset an erroneous impression that the Exchange was opposed to plans recently adopted to improve the wheat situation in this country. It says in part:

"Without entering into any discussion of the causes which have produced the Canadian wheat surplus, it is the fact that its existence has led to support being given by the government to wheat prices. Many members of the exchange have regarded this policy as beneficial to the producers and as in the national interest, and any reasonable measure which may be taken by the Canadian government to reduce or dispose of the surplus will meet with the co-operation of the members of the grain exchange in so far as such co-operation is within their power.

Time is Needed

"Actions have been taken by importing countries which have led to the use of lands for wheat-growing which are more suitable for the production of other commodities. In course of time, with restoration of more normal world trade conditions, these lands will revert to more advantageous uses. When this development occurs the markets for Canadian grain will again expand. In the meantime, however, government measures which assist in maintaining a free world market for our grain will receive every possible co-operation from the members of the exchange.

"Maintenance of the free market system which has functioned continuously and on the whole, smoothly, under the abnormal strains of the past three or four years, is essential. It is necessary to the retention of goodwill of importers in the existing markets abroad, and it is only through development of this goodwill that Canada can maintain or increase her share of the available world markets."

E. B. Eddy Output On Capacity-Scale

From Our Own Correspondent

MONTREAL.—Marked improvement has taken place in the sales and operating position of the E. B. Eddy Co. since the beginning of the year. During August the company reports that all departments were operating at capacity, including fine papers, tissues, specialties, newsprint, etc.

During August last the newsprint division turned out the largest quantity of paper in its history. The newsprint machine, which has been rated at 100 tons daily capacity, was producing well in excess of that figure.

Prospects of the Eddy Co. for the balance of the year continue favorable. Newsprint contracts assure sufficient business to keep the newsprint machine operating on full time, while the demand for fine papers, specialties, etc., is encouraging.

Quebec Finds Market for Products in U. K.

Eighty tons of honey, which about equals the surplus of the Quebec crop this season, will be taken over by English interests and a good demand for products of this province available for export in general will likely follow negotiations carried on by Antonio Grenier, K.C., Deputy Minister of Agriculture for Quebec, who has just returned from a trip abroad, according to a report made by him last week to Hon. Mr. Godbout.

Not only honey, but maple products, cheese and butter are receiving a most cordial reception in England, according to Mr. Grenier, while maple products have definitely entered the French market as a result of their use for the blending of cigarettes. In this case, however, the last commercial treaty with France has proved very disadvantageous, but efforts are being made to improve conditions.

"It is certain that if the existing order of things should crash, gold money would be one of the first things to arise from the ashes."—*A. J. Liversedge.*

CONTROL REMAINS WITH OLD GROUP TRAYMORE, LTD.

Three New Directors Appointed at Annual Meeting, Oct. 30

PROFITS LOWER

President and Secretary Tell Financial Post Prospects Improving — Tourist Business is Fading

With the largest attendance yet experienced at an annual meeting of Traymore, Ltd., shareholders expressed confidence in the present administration by returning part of the old directorate and by electing the three new members who, it is understood, were desired by the interests now in control. For some time an effort has been made to secure proxies by two or three Toronto groups which have also been making a market play in the stock because of expected developments in the license field. There were some fireworks at the meeting, it is reported, but the changes made in directorate were assented to by a majority.

The board of directors consists of G. G. Plaxton, president, H. J. Lynes, vice-president and managing director, Edward J. Swift, secretary-treasurer, J. A. Wilson, H. W. Stewart, E. W. Brupbacher, E. O. Slingsby and E. A. Cousins. Messrs. Cousins, Slingsby and Brupbacher are the new directors taking places left vacant by the retirement of O. A. Doherty and Wm. F. Croucher.

Surplus Drops

The financial statement showed the transactions for the year to have brought surplus down from $79,209 to $34,973. Details follow:

Income and Surplus Account Years Ending Dec. 31

	1932 $	1931 $
Net earnings	1,487	78,614
Less: Deprec.	40,000	40,000
Bldg. improv. w/o ..	5,723	......
Net profit	*44,236	38,614
Less appropriations:		
Pref. Divds.	......	27,414
Pref. S. F.	......	6,147
Surplus for year	*44,236	5,053
Add: Prev. surp.	79,209	89,899
Less: Adjus.	......	†15,743
Balance forward	34,973	79,209

†Of which $15,463 applied to branch lease retirement and expense therewith.
*Loss.

Working Capital Disappeared

Working capital also disappeared, leaving a deficiency at the end of the year as shown by the following statement:

Working Capital

	1932 $	1931 $
Current assets	50,726	97,108
Current liabs.	81,984	72,784
Working capital	*31,258	24,324
Ratio	0.61—1	1.33—1

*Excess of current liabilities over current assets.

H. J. Lynes, vice-president and managing director, in letter to shareholders states that retrenchments during the year included a plan for reduction of rentals which had effected substantial savings which become effective this year. Definite improvement had been evident since July and improvement is expected.

Secured bank loan of $20,000 is shown. Cash is down $30,000 to $7,545.

Tourist Business Way Down

G. G. Plaxton, president, and Edward J. Swift, manager, after the annual meeting informed The Financial Post representative that officers are hopeful for an improvement in affairs of the company in the future. They do not anticipate an early return of the prosperity created some years ago by the large United States tourist trade. That business has largely gone but the company has been renovating all its branches and has made every effort to get as much of the local business as possible.

In the last three years of depression the company, along with other restaurant companies, has sought to bring the price of the meal down to such an extent that it would hold its clients who, because of losses in income or salaries, desire corresponding economies in other directions. The scaling down of prices has actually increased attendance at the restaurants but played havic with profits.

Eat Smaller Meals

Reduced cost of the meals and the tendency of diners to have a smaller meal check in any case have prevented the company from getting all the benefits from this increased attendance it would have had a few years ago.

New Services Given

A complete solution of the problems of the company is not expected until purchasing power of the general public has improved. There has been a tendency of the company to sacrifice all its profits during the depression period in order to keep the goodwill of its clientèle. This effort was general in the restaurant industry and resulted at one time some months ago in general price-cutting campaigns being inaugurated.

In the Savarin retaurant on Bay St., Toronto, the cabaret show has been made quite a feature. The restaurant has dancing from six to eight and from nine to twelve every night in the Windsor room upstairs and attendance is reported to be growing. It is a new development to utilize the Windsor room every night in this way and to give two floor shows each night. No cover charge is made but a dollar meal is given and dancing goes with the meal.

On King Street the restaurant of the company is still proving a profitable venture. This was the first cafeteria of the company, also the first in Toronto and probably the first in Canada. That old and popular restaurant has also been changed around until now diners can have service for dinner at night if they wish.

Tourist Business Gone

Officers of the company do not expect an early return of United States tourist traffic to Canada. That is, they do not expect it in large volume. Counter attractions in the United States are keeping people at home. During the latter part of July and August and the first part of September when the restaurants counted on a large United States tourist business, it proved to be practically negligible. And last year it was smaller than the year previous.

The company is now practically a domestic company depending on domestic business. There was a good business during National Exhibition weeks in Toronto.

The company's largest store is the Savarin in Toronto. The nearest approach to it is Krausmann's Cafe, in Montreal. The latter is a restaurant. And in that restaurant they are selling beer and wine. It also has three floor shows a night.

This opens possibilities for the Ontario restaurants of the company in case they get a license for beer and wine from the Ontario Government, if the expected legislation to permit the granting of such licenses is passed.

Rising prices have not made a great difference to the company. The index number for all foods used by the company is 78.6, as compared with 80.9 in August, 1932.

Economies made include the rearranging of leases and reducing of wages, the latter operation being forced by the lower prices paid by the general public for meals.

NORANDA PROFITS AT NEW HIGH RATE $1.35 FOR NINE MOS.

Profit in Quarter Ended Sept. 30 Was 64 Cents Per Share

The quarterly statement of Noranda Mines for the nine months ended September 30, 1933, shows an estimated net profit of $3,033,435, equivalent to $1.35 per share outstanding. Earnings in the three months ended September 30 were the highest of any period in the company's six years history as a producer, with a net profit of 64 cents per share. This compares with estimated net profits of 41 cents per share in the previous quarter and 30 cents in the first quarter of 1933.

The following tabulation gives by deduction the earnings figures for the last quarter and the nine months ended September 30, 1933.

	3 mo. end. Sept. 30, 1933 $	9 mo. end. Sept. 30, 1932 $
Total recovery	3,447,066	8,812,372
Less: Mining, admin. & gen. exps.	1,584,251	4,758,891
Tax reserve	234,000	477,900
Net oper. earn.	1,628,815	3,575,581
Add: Misc. inc.	75,181	233,218
Net income	1,703,996	3,808,799
Less: Deprec.	261,692	775,364
Est. net profit	1,442,304	3,033,435
Est., per share	$0.64	$1.35
Copper, lbs.	16,658,877	47,371,031

The highlight of the statement was the increase in the copper production and a further decline in the cost of production. The gold output has not been increased, according to deductions made from the recovery figures, and the indications are that the company is pursuing a policy of holding the output of this metal steady until the new concentrator extension now under construction goes into production in the second quarter of next year. This will increase the concentrator capacity from 2,000 to 3,000 tons daily and have the effect of increasing the copper production about 25 per cent, or to an annual rate of about 80,000,000 pounds as compared with the current rate of 63,000,000 pounds. With this increased concentrator capacity the gold output may be expected to increase to a normal value of about $750,000 per month, as compared with the current rate of about $600,000 per month.

Teck Hughes Gold Mines—The annual meeting of the company has been called for November 15, in Toronto.

Mining Stock Quotations

Week Ending October 30.

Par Val.	Range 1933 High	Range 1933 Low	Company	Sales	Close Oct. 23 (or last)	High for week	Low for week	Close Oct. 30
[illegible]								
No	.22	.18	White Eagle.....	22,450	.21	.22	.19	.20
1	.08	.02½	White Lake......	4,000	.03	.04	.04	.04
1	.28	.02	Wiltsey Coghlan	26,300	.15	.19	.15½	.16
1	.27	.06	Wood Kirkland..	1,500	.11	.10	.10	.10
No	8.60	3.73	Wright-Hargreaves	100,657	8.00	8.60	8.00	8.25

OIL STOCKS

[illegible]

VANCOUVER STOCK EXCHANGE (Transaction for Week to October 25.)

[illegible]

DIVIDEND PAYERS

	Rate	Yield %
Ajax Oil	8c.	6.95
Bobjo Gold‡	60c.	.....
Coast Brew.	92c.	.....
Coniagas‡	12½c.	.....
Coniaurum†	3c.	.....
Cons. Smelters*	10%	.....
Dome Mines	$1+55c.	4.10
Falconbridge	20c.	.....
Goldfield Cons.‡	5c.	.....
Hollinger	65c.+10c.	7.07
Howe Sound	$1	.....
Int. Coal & Coke‡	2c.	.....
Lake Shore	$2+$1	5.85
McIntyre	1.87½	4.03
McLeod Oils‡	5c.	.....
Mercury Oils	4c.	.....
Merland Oils‡	5c.	.....
Noranda‡	50c.	.....
Petrol Oil	*2c.	.....
Premier	12c.	10.43
Pioneer, B.C.	60c.	5.43
Royalite	50c.	.....
Siscoe	12c.	8.21
Sterling Pacific Oil‡	3c.	.....
Sylvanite	4+3½c.	.....
Teck-Hughes	60c.	9.67
Wright-Har.	20c.+10c.	3.64

*Stock. ‡Interim. †Initial. *Paid in 1932.

Canadian Mineral Production

Compiled by The Dominion Bureau of Statistics

Canadian Mineral Production

		June 1933	July 1933	July 1932	Seven Months Ending July 1932	Seven Months Ending July 1933
Asbestos	ton	12,455	14,531	7,164	62,621	63,163
Cement	brl.	401,060	414,827	460,170	2,782,574	1,503,364
Clay products	$	226,892	245,023	346,920	2,315,034	1,103,926
Coal	ton	701,452	675,631	651,911	6,352,432	5,637,988
Copper	lb.	25,265,798	29,468,497	18,145,271	148,471,399	157,391,307
Feldspar	ton	864	647	635	4,857	3,169
Gold	fine oz.	261,411	255,656	250,371	1,751,601	1,713,579
Gypsum	ton	50,070	61,457	80,278	216,656	158,482
Lead	lb.	20,705,505	19,965,178	20,073,058	147,383,553	148,767,894
Lime	ton	26,872	29,448	26,717	184,427	155,122
Natural gas	M. cu. ft.	1,131,376	1,002,429	954,661	15,037,984	14,315,641
Nickel	lb.	8,050,726	9,237,576	2,954,397	24,082,611	31,954,937
Petroleum	brl.	113,447	99,510	86,960	652,538	630,768
Salt (commercial)	ton	18,419	16,011	13,798	92,978	97,203
Silver	fine oz.	882,035	1,048,114	1,886,589	11,248,078	8,434,428
Zinc	lb.	15,619,628	14,345,809	15,206,916	104,272,065	97,656,183

JOHN COTTON'S TOBACCOS

"Scotland's Best"

Mere adjectives will not do justice to this famous tobacco which is recognized by connoisseurs as the *world's finest.*

JOHN COTTON'S secret process of blending can not be equalled and makes it the friendliest, smoothest, mellowest tobacco you ever smoked.

In three strengths—
Mild • Medium
Strong

1 Ounce Tin - 25c
2 Ounce Tin - 50c
4 Ounce Tin - $1.00

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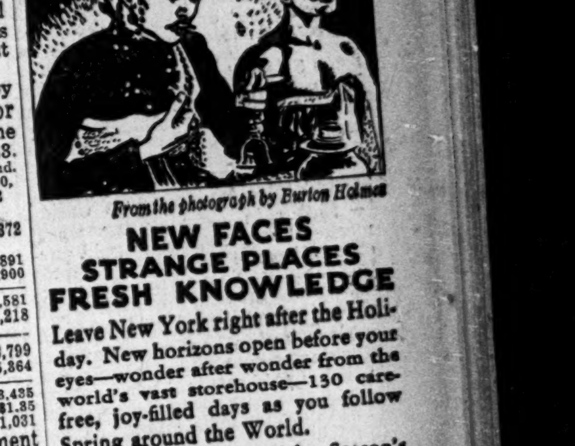

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The Week in Mining

Ventures' Return

THE FINANCIAL POST in consulting companies' returns at the Parliament Buildings was not successful in finding the return of share allotments and the consideration received by Ventures Ltd. and several of its affiliated companies.

Section 1, part 8, of the Ontario Companies' Act demands that when a company makes any allotment of its shares it shall within one month thereafter file with the Provincial Secretary a return of the allotment stating whether the stock is common or preferred, the date of the allotment, the number and nominal amount of shares comprised in each allotment, names, addresses and description of the allottees, the amount, if any, paid or due and payable on each share. Further, in the case of shares allotted in whole or in part in consideration of other than cash, a contract in writing or notarial copy thereof constituting the title of the allottee to such an allotment together with a contract of sale for such services or other consideration should be provided.

This information is of vital importance to the general public and to investors. That the information is vital is evidenced by the clear wording of the act, which leaves no loopholes for misinterpretation. Ventures, in its annual returns to the Provincial Secretary's department, shows the increase in outstanding capitalization. The prospectus filed by Selected Canadian Golds, which optioned and underwrote Ventures shares, discloses an exchange of some 300,000 Ventures shares for 3,000 Selected Gold shares, but The Financial Post fails to find mention of this in the returns filed by Ventures.

* * *

U. S. Enters World Market

THE latest move of the United States in entering the world market by extending its gold purchases beyond the United States had the immediate effect of advancing London gold quotations 1s. 6½d. above the previous close. Not to be outdone by the London quotations, Washington announced a price of $31.96, or 14 cents higher, after giving effect to exchange rates. In Canada the immediate reaction was to give further impetus to the trading in the gold stocks, but later the easing off of prices gave evidence that the sustained earning power of the leading producers dividend-payers is still in doubt in the minds of investors for various reasons such as the fear of increasing costs and taxation.

Nickel Boosts Share Interest In Subsidiary

From New York comes advice that confirms the article in last week's issue of The Financial Post, to the effect that International Nickel Co. has increased its holdings in its copper refining subsidiary, Ontario Refining Co. at Copper Cliff, Ontario.

American Metal Co., through its wholly owned subsidiary, American Metal Co. of Canada, has purchased certain minority interests in the Ontario Refining Co. including 2,300 shares from Ventures, Ltd., and has sold the International Nickel Co. 25,790 shares of refining stock at a price said to be $3,000,000 which includes dividends accrued to October 11.

International Nickel formerly owned 42,500 shares of Ontario Refining stock and, therefore, its holdings are now increased to 67,790 shares, or almost 68 per cent interest. American Metal Co. retains 23,324 shares, the balance being held by minority interests represented principally by Consolidated Mining & Smelting Co.

Additional mining news on page 15 this week

Columario Shareholders

NOTICE

Columario Consolidated Gold Mines, Ltd.

(NEW COMPANY)

has taken over the assets of Columario Gold Mines, Ltd. (Old Company). One million shares of the new company have been issued to the old company, but are pooled. When the pool ends these shares will be distributed to the shareholders of the old company on a share-for-share basis. The shares of the new company are listed on the Standard Exchange. The shares of the old company are no longer tradeable on the Standard Exchange, but may be bought and sold on the over-the-counter market.

H. P. MILLS, Sec.

Buy the Gold Stocks

on any temporary market reactions. Investors would be well advised to take advantage of any price recessions in the present market.

Suggestions on request.

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Canadian Mining News

CHEAP COPPER FAILS TO ROUSE WARY BUYERS

Prices Sag Despite Inflation Proposals—New Cartel Mooted

METAL STOCKS HIGH

Competitive Metals Win Favor and Displace Copper to an Increasing Degree

The recent sag in copper prices to 7.14 cents from a high of 9.15 cents per pound in July as compared with a low of 5.97 cents in March last has brought forth a report of another copper conference in the offing. The drop in price of even one cent per pound in the price of copper in the United States is viewed as a striking development, particularly at a time when the NRA programme is seeking to increase commodity prices.

This decline in copper prices is directly attributed to an increase of approximately 20,000 tons in the copper stocks held by the customs smelters, although since February the stock in the hands of the producers is estimated to have decreased 150,000 tons.

Since isolating itself from world copper competition by introducing a four cent per pound tariff, the United States has not dominated world copper prices to the same extent as formerly, but any change in the price of copper in United States, which accounts for such a high percentage of the world production is bound to make its repercussions felt in world markets. The increased stocks of copper held by customs smelters is principally attributed to the recovery of scrap copper, which amounts to about 50,000 tons annually, nearly all of which is re-treated by customs smelters and marketed in competition with newly mined metal.

Canada Well Entrenched

In Canada, the copper industry centres about a few well entrenched producers that have survived the lowest copper prices in history and which have even shown a profit at the lowest price levels. Two producers, International Nickel and Noranda Mines, accounted for about 70 per cent of Canada's copper production in the first six months of this year. Next in importance came the production from the Hudson Bay Mining & Smelting Co., which accounted for about 17 per cent. The balance came from the British Columbia producers, which have been struggling to a greater extent to meet the price onslaught than the three leading producers. Inasmuch as these three leading producers recover associated metals, operating costs are not entirely chargeable against copper. Most fortunate of the three is the Noranda Mines where the gold content of the ore leaves the copper production almost entirely profit. At International Nickel, the nickel content and the platinum content of the ore make the copper recovery only a by-product, while at the Hudson Bay Mining & Smelting Co. the zinc and gold content have a value greater than the copper.

Just how important one cent per pound advance in price is to the copper production of these leading producers, is most significant with Noranda. At the current rate of production each one cent per pound advance in the metal means an increase in earnings of about 27 cents per share. Likewise, with the Hudson Bay Mining & Smelting Co., a one cent per pound change in price alters its earnings on the present rate of production about twelve cents per share. At International Nickel, based on production in the first six months of this year, each one cent per pound advance in copper means increased earnings of six cents per share.

The chaos that has prevailed in the copper industry of the world, resulting in unprecedentedly low copper prices, has not been improved by conferences and cartels which attempt to regulate production and by production regulate prices.

Today the dominant producer is Africa where the huge tonnages of high grade ore and low cost operations seek to gain an outlet for their production and by nature of their low cost operations compel the higher cost producers to yield their markets.

An interesting phase of the copper industry in United States is that while refined metal copper prices are at low levels leading producers by controlling fabricating subsidiaries control a high percentage of the metal in marketable form. In this manner they are able to gain the effect of higher base prices. To the purchaser of copper sheets, such as used in roofing, eavestroughing and down-spouting in house construction, the builder has had but slight relief from the period of peak copper prices. While copper in ingot and refined form is low, rolled sheet prices are maintained at prohibitive levels to many potential users.

Artificial Price Control

Just as the copper producers were able to control refined metal prices at near the 18-cent level, prior to the price break in March, 1930, and thereby invite all manner of new producers that are responsible to a large extent for the over-production that exists today, so is the policy of maintaining high fabricated copper prices introducing aluminum, zinc and lead into markets held exclusively by copper. This competition from other metals and alloys is in the United States becoming an increasingly serious factor in the copper industry. An outstanding example is the inroads that aluminum wire and cable have made in the electrical transmission lines. This previously was a market that took a vast tonnage of copper and which was entirely dominated by that metal. With copper held at high levels the introduction of aluminum was made possible and such were the inroads that today the aluminum transmission line dominates the field.

Hollinger Plans Mining Low Grade Ore Section

Idle Mill Section to be Pressed Into Service and Steam Shovel Methods Employed in Mining from Surface

Prevailing prices for gold have prompted the decision of Hollinger Consolidated Gold Mines to launch at once a big-scale exploitation of its low-grade ore body to the south of its present mill site.

Preliminary calculations indicate that for each foot in depth of this large ore body the mill can be operated four days. On this basis indications are that over ten years' ore supply for the mill exists to the 1,000-ft. horizon. The swinging into production of this big low-grade ore body will call for cheap mining methods involving initially open pit methods utilizing steam shovels with conveyors to the mill.

The launching of this big scale development, it is said, will employ the present unused section of the mill and will not affect present production programmes. This project is a striking example of how the higher price for gold expands production. Large low-grade ore shoots which, with the normal price of gold, could only be considered as waste rock, under prevailing conditions and high gold prices, become profitable ore. The ore reserves and profit-making possibilities of the mine are greatly augmented under these conditions.

BRALORNE PLANS TWO SUBSIDIARIES TO DEVELOP AREA

Subdividing Property 16,000 ft. Long to Speed Development

Owing to the great length of the mineralized zone Bralorne Mines' directorate is known to be giving serious consideration to subdividing its property, forming subsidiary companies and independently financing and speedily bringing these sections under development.

Bralorne's property comprises some 58 claims extending about 16,000 feet along a mineralized belt on Cadwallader Creek in the Bridge River area of British Columbia, adjoining the property of Pioneer Gold Mines. Present developments have been confined to the north-westerly section of its holdings and present plans call for dividing the south-easterly section into at least two groups, forming new companies with Bralorne retaining at least 60 per cent of the authorized capital. Financing will be accompanied by offering the remaining 40 per cent first to shareholders as rights.

Develop Coronation Claims

The sections planned for development include the old Coronation property and lie adjacent to the Pioneer property, believed to be a favorable area for exploitation. By sub-dividing its holdings this territory, it is believed, can be speedily developed without incurring expense to Bralorne, but still retaining 60 per cent of the stock or control of the property.

No official statement has been made, but it is learned that at least two large mining companies in New York have made overtures to undertake the financing of these sections and that an announcement can be expected before long.

Since starting its production programme in February, 1932, developments have been of increasing importance at Bralorne. The first major event was the encountering of ore beyond the faulted zone in an area not supposed to be productive. Exploitation in this area, however, was beyond fondest expectations, permitting initial milling capacity to be steadily stepped up to 180 tons daily and further increases under way as soon as electric power is available.

Newmont Interested

What the ultimate developments for the Bralorne property will be is a matter of conjecture at the present time, dependent upon further interpretation of the geological features in order to trace the ore occurrence. Geologists and engineers from the Newmont Mining Corp., one of the largest mining operators in the United States, have been in the area, and its interest in the field is known to be more than casual. Properties adjoining Pioneer and Bralorne on all sides are taking new interest as development work proceeds, but only an extensive geological study and development will determine its ultimate potentialities. The fact that large mining companies, known to be conservative and cautious, are giving intense study to the area, brands the area as possessing unusual interest.

TOBURN MINES EARNS $30,000 NET PER MONTH

Finding New Ore in Excess of Milling Requirements

The price of gold and a well-directed exploration programme are rapidly repaying Premier Gold Mines for its investment in, and making possible the rehabilitation of, the Toburn property, the premier producer in the Kirkland Lake.

Current production is being maintained at a daily rate of about 100 tons resulting in a monthly operating profit of about $30,000. New ore developments have more than kept pace with the tonnage treated, principally to the west of a faulted zone between this area and the Sylvanite boundary to the west. Millheads have been kept relatively high and since the commencement of production in August, 1932, have averaged over $13 per ton with gold at normal value.

Finding Good Ore

In addition to the success that has been met with in the finding of ore the company has contributed to the success of the adjoining Sylvanite property by making known developments to the latter company, adjacent to its boundary. By reciprocal information on developments at depth these two companies have both improved their ore positions and while operations at Toburn do not forebode big mining operations, the success that has been met with in re-establishing this old property on a profitable basis after previous unfortunate attempts by other companies, is reflecting great credit on the management.

Howey Output $280,600 During Third Quarter

Production by Howey Gold Mines for the quarter ended September 30 was valued at $280,600 from 76,305 tons of ore treated. This compares with a production valued at $277,350 in the previous quarter. The gross operating profit for the last quarter was $94,500 as compared with $92,000 in the second quarter.

Figures given include exchange compensation and shows that the gross value of Howey's production in the last quarter was $3.67 per ton, which indicates that the normal value of the ore treated was about $2.50 per ton, the lowest grade ore to be treated in the Dominion, yet yielding an operating profit of $1.2 per ton. During the period under review the mill treated an average of 880 tons daily at an average cost of $2.45 per ton. Starting October 1, new units were cut in that increased the capacity to approximately 1,300 tons daily.

It is expected that during the last quarter of 1933 costs will be brought well below $2 per ton which, with increased milling capacity, will materially increase the earnings for the last quarter of the year, providing gold continues at present high levels.

A recent break in the hoisting equipment was not as serious as reported. The new part has been flown into the property and operations are again at full capacity after a delay of about ten days.

T. W. GIBSON REVIEWS ONTARIO MINING ACT

Report Traces History of Mining Laws to Present Form

"The Mining Laws of Ontario and the Department of Mines," from the pen of Thoms W. Gibson, Ontario's veteran Deputy Minister of Mines, has just been made available by the Department. It does not purport to be a technical treatise or a history of mining in Ontario, but it does trace step by step the development of the code regarding mining from the early days when there was no statute law.

Joining Government service in 1880, Mr. Gibson has had intimate acquaintance with the evolution of Ontario's mining activities. He recalls how the early mining effort was first overshadowed by agriculture and lumbering and the prospects of Ontario becoming a mining province were remote and laws for mining had little or no interest for its legislators. The copper find in the Sudbury area in 1883 entirely altered the situation and as mineral wealth of Ontario unfolded, changes in the law were made in an attempt to meet the new situation. Trial and error in experiment have marked the progress in establishing the Mining Act as it prevails today. Royalties were early introduced and then abandoned and then imposed again, once more to be abandoned. A discovery was not required until 1897, but with the Cobalt silver find, its weaknesses were evidenced and this was done away with in 1922. Until 1891 minerals were included in a grant of agricultural land, but in that year the legislature decreed that they should be reserved even when not so expressed in a grant. In 1898 this order was reversed and it was declared that the minerals should belong to the owners of the surface, except when especially withheld. The size of the grant in the earlier days was of concession proportions and prior to Confederation one might file on as much as 6,400 acres—ten square miles. Later the area was reduced gradually until 40-acre claims were standardized.

The volume is not only interesting for the wealth of information it carries regarding early mining laws and in the development of mining in the province, but information showing how the salient features. which are essential to the mining code everywhere, have emerged from controversy concerning them and how and why they received the final form.

The report is in the form of a bound volume and is available gratis by application to the Ontario Mines Department.

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At the Mines

Calgary & Edmonton Corp.—At annual meeting held in Calgary October 27, officials stated that since the close of the fiscal year Miracle No. 2 well had come into production with a flow of over 100 barrels per day from the company's property and that the Sterling Royalty well had reached a depth of 4,500 ft.

* * *

Lake Shore Mines—The annual report of the company, normally due two months ago, is to be published within two weeks, The Financial Post was officially informed. The delay has been caused by the absence of Harry Oakes, president of the company, who returned only a couple of weeks ago from abroad.

* * *

Mackenzie Red Lake Gold Mines—Since commencement of shaft-sinking operations on August 1, a depth of 274 ft. has been reached and cross-cutting commenced on the 125 and 250-ft. levels. About 500 ft. per month of drifting is expected with two faces operating on each level. The main vein cut by diamond drilling came into the shaft at a depth of 191 ft.

* * *

Matachewan Consolidated Gold Mines—Shareholders ratified the options made to Ventures Ltd., whereby it will finance the development of the company's holdings in Matachewan. Shareholders in Canadian Matachewan, the predecessor company, will receive 1,200,000 shares in Matachewan Consolidated. Ventures has an option on the remaining 1,800,000 treasury shares to be taken up as work proceeds. Present development comprises running a drift from the 180-ft. level to connect the No. 1 and No. 2 shafts.

* * *

Normont Gold Mines — Diamond drilling started last week to test the geological structure and indicate conditions ahead of underground development.

* * *

Reno Gold Mines—During September the mill treated approximately 1,800 tons of ore. Millheads averaged, including exchange compensation, $15 per ton.

* * *

Quebec Gold Mining Corp.—Officials announce that application will be made at once for the listing of the company's shares on one or more exchanges.

* * *

Vanalta Oils Ltd.—Financial statements for the year ended June 30 showed a net profit of $13,000 before depreciation. The excess of current assets over current liabilities was $9,980. At the annual meeting held in Calgary, October 30, the existing board was re-elected.

* * *

Wiltsey-Coughlan Mines—Drill hole No. 2 has been started at the company's property immediately east of Noranda Mines and will be carried to a projected depth of 1,000 ft.

Young-Davidson's Mill Going in to Property

A construction crew is now at work preparing the site for the mill at Hollinger's Young-Davidson property, which will have an initial capacity of about 500 tons daily. One unit from the Porcupine plant of Hollinger will be removed to the Matachewan just as soon as freeze-up occurs, making possible transport over intervening lakes. No decision has been announced on the power for the project, but it is known that the Ontario Hydro-Electric Power Commission of Ontario is ready to extend its Abitibi-Sudbury line to serve Matachewan.

Merland President Seeks to Explain

Shareholders of Merland Oil Co. are in receipt of a report from Alfred Hinds, president of the company, replying to the statements made recently by Fred Page Higgins, trustee for Stobie Forlong Assets, Ltd., one of the principal shareholders of Merland.

In explanation of the agreement made between Publix Oil & Gas Co. and Merland, respecting the transfer of 500,000 Merland shares and $50,000 to Publix, Mr. Hinds comments that Publix was to become the wholly-owned subsidiary of Merland which would have complete control of its affairs. Mr. Hinds did not state what, if any, interest he had as vendor or in the royalty to be paid in event of production being brought in from the Publix property, though such a charge was made by Mr. Higgins. It also was not made clear why it was necessary to transfer 500,000 Merland shares to Publix, which was in turn to issue its shares to Merland.

B. R. X. Contemplate Big Drilling Programme

From Our Own Correspondent

VANCOUVER.—Directors of Bridge River Exploration Company (BRX) have decided to go ahead with an extensive development programme by diamond drill.

The entire BRX property will be drilled from the south fork of Bridge River to the southeast corner of the property.

At first there was some reluctance to use diamond drills, as difficulty had been encountered in obtaining good drill cores—a circumstance that resulted in overlooking some of Bralorne's best ore when diamond drills were first used.

Index to Mining Stocks

The weighted index number of 20 mining stocks computed by the Dominion Bureau of Statistics on the base 1926 = 100, was 109.1 for the week ending October 26, as compared with 105.8 for the previous week.

Eleven gold stocks rose from 102.2 to 106.2, four gold-copper stocks from 131.9 to 133.2, and five silver and miscellaneous stocks from 37.7 to 38.4.

Manitoba Basin Mining Completes Reorganization

Manitoba Basin Mining Co. in a letter to shareholders states that supplementary letters patent have been obtained confirming the capital reorganization approved by the shareholders some time ago. Shareholders will now receive one new share for each five now held. In addition, shareholders are offered the right to subscribe for new shares at 10 cents per share.

Development work will continue on the company's property in Swayze twp. as quickly as proper financial arrangements can be made, and this is expected to be done immediately.

A considerable amount of work was done at the Swayze property in the early summer, which indicated that the property justified immediate development, according to the letter. This was delayed on account of the necessity for reorganization. The work to date has been under the supervision of A. C. Hawn, E.M., who reported as follows:

"The work was mainly surface trenching and prospecting, with test pits sunk here and there to pick up the continuation of the vein showing free gold. Several quartz veins have been uncovered, some carried for a hundred feet or more, while others are cross trenched to pick up the vein. One pit in particular is of great interest while some trenches did not prove up. A section of this vein, which has a width of 14 feet, shows considerable quantities of chalcopyrite, marcasite and pyrite."

Old Columario Shares Indefinitely Pooled

An official statement by Columario Consolidated Mines, incorporated April 1, this year, with a capitalization of 2,500,000 shares, says 1,000,000 shares issued by the present company to the predecessor company, Columario Gold Mines, are to be pooled. When the pool ends these shares will be distributed to shareholders of the old company on a share-for-share basis. The Columario Consolidated Mines shares were called for trading a few days ago on the Standard Stock and Mining Exchange, succeeding those of the predecessor company.

Newfoundland May Seek Trade of Iron Ore for Coal

The government of Newfoundland has under consideration a barter scheme for exchange of Newfoundland iron ore for coal from the United Kingdom, according to a statement issued by Premier F. G. Alderdice. The proposal is for a trade of 100,000 tons of iron mined at Belle Island for coal of the same value.

It is believed that details of the scheme will be similar to the barter of Newfoundland mine pit-props for Welsh coal which was put through last summer. Prospects for activities at the Belle Island iron mines next year are stated to be exceedingly bright and orders are anticipated from Germany.

Bulolo Gold Dredging Paying Initial Dividend

From Our Own Correspondent

MONTREAL.—Bulolo Gold Dredging Ltd. has declared an initial dividend of 60 cents a share on its stock to holders of record November 9, payable to Canadian shareholders on December 4.

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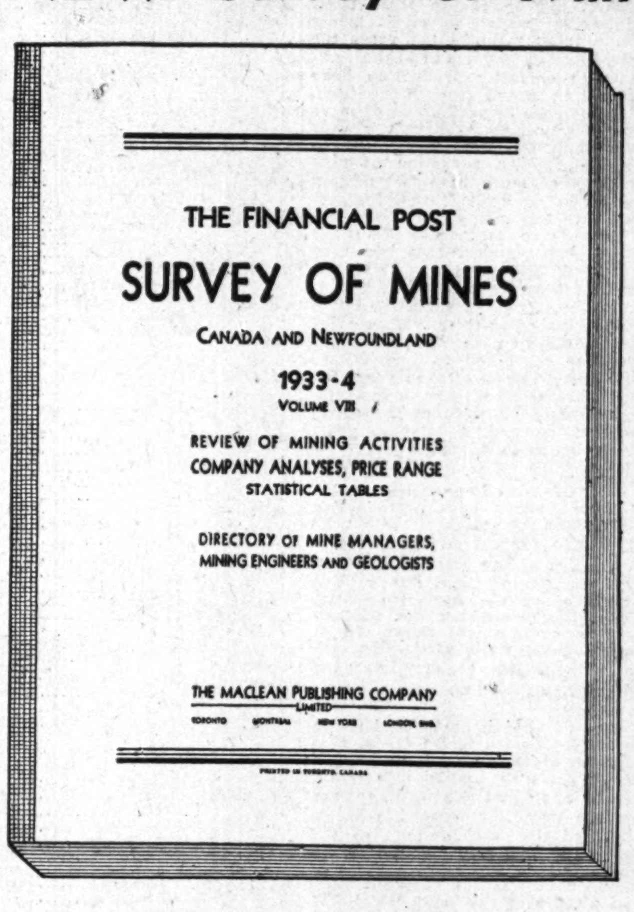
Failures under the Bankruptcy Act as disclosed by The Canada Gazette for the week ending October 21, show a decrease of 17, the figures being: 1932, 41; and 1933, 24. Figures for the whole period of the year up to October 21 are: 1932, 1,718; and 1933, 1,265; a decrease of 453 (26 per cent).

NEW Survey of Mines, 1933-4,



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